

BANJO & MATILDA, INC.

FORM 8-K (Current report filing)

Filed 03/20/15 for the Period Ending 03/03/15

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CIK	0001481504
Symbol	BANJ
SIC Code	5940 - Miscellaneous Shopping Goods Stores
Fiscal Year	06/30

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 OR 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): March 3, 2015

BANJO & MATILDA, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction
of incorporation)

000-54277

(Commission
File Number)

27-1519178

(IRS Employer
Identification No.)

**76 William Street
Paddington NSW 2021
Australia**

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **+61 2 8069-2665**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a -12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d -2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e -4(c))
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Item 1.01. Entry into a Material Agreement.

Item 3.02 Unregistered Sales of Equity Securities.

On March 3, 2015, the Company confirmed with certain existing shareholders their agreement to purchase 20,743,400 shares of the Company's common stock in a private placement at an aggregate price of \$410,868.00 or \$0.02 per share. The price represented a 25% premium to the then trading price of the Company's common stock.

One of the purchasers in the private placement, Raymond Key and certain of his affiliates, also agreed with the Company to restructure certain outstanding convertible notes and other obligations of the Company due them which are currently overdue. Through a series of loans made since January 2014, the Company, inclusive of accrued but unpaid interest, is indebted to Mr. Key and his affiliates in the amount of Aus\$523,562.19 as of March 13, 2015. Mr. Key has agreed to convert all of the outstanding principal and accrued interest into a single Convertible Note in the principal amount of Aus\$523,562.19. Interest will accrue on the note at the rate of 18% per annum and will be paid monthly beginning April 6, 2015. The outstanding principal, together with accrued interest, will be paid in thirteen monthly installments commencing April 30, 2016, and concluding April 30, 2017. The principal and accrued interest are convertible at any time into shares of common stock of the Company at a conversion price of five cents (\$0.05) per share which equals a 213% premium to the share price at the time the parties agreed to enter into this agreement.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

In May and June 2014 the Company borrowed an aggregate of \$145,600 from KBM Worldwide pursuant to two Convertible Promissory Notes, each in the original principal amount of \$72,800. The Notes were convertible into shares of the common stock of the Company at a price equal to 65% of the "market price," as defined in the Notes, of the common stock of the Company from time to time. Due to the Company's failure to timely repay the Notes, KBM elected to convert the Notes into common stock and, presumably, sold nearly all of the shares it received. To prevent further conversions and the resulting sale of its shares, on February 18, 2015, the Company paid \$62,500 to KBM Worldwide in complete satisfaction of the Notes, which then had a balance of \$52,800.

Item 9.01 Financial Statements and Exhibits.

Exhibit	Description
10.1	Convertible Note Agreement between the Company and affiliates of Raymond Key
10.2	Form of Subscription Agreement

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

BANJO & MATILDA, INC.

Date: March 19, 2015

By: /s/ *Brendan Macpherson*

Brendan Macpherson
Chief Executive Officer

“THE SECURITIES AND THE SECURITIES INTO WHICH THIS SECURITY MAY BE CONVERTED ARE BEING OFFERED TO INVESTORS WHO ARE NOT U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT OF 1933, AS AMENDED (“THE SECURITIES ACT”)) AND WITHOUT REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT IN RELIANCE UPON REGULATION S PROMULGATED UNDER THE SECURITIES ACT.”

“TRANSFER OF THESE SECURITIES AND THE SECURITIES INTO WHICH THIS SECURITY MAY BE CONVERTED IS PROHIBITED, EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF REGULATION S, PURSUANT TO REGISTRATION UNDER THE SECURITIES ACT, OR PURSUANT TO AVAILABLE EXEMPTION FROM REGISTRATION. HEDGING TRANSACTIONS MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE SECURITIES ACT.”

Original Issue Date: March 13, 2015

Original Conversion Price (subject to adjustment herein): \$0.05

AUS\$523,562.19

**18% CONVERTIBLE NOTE
DUE JULY 31, 2016**

Banjo & Matilda, Inc., a Nevada corporation (the “Company”) and its subsidiary are indebted to the Lighthouse Enterprises Trustee Limited (NZ: 3920642) and its affiliates for various amounts previously advanced to the Company or its subsidiary which, inclusive of interest, amount to AUS\$523,562.19 as of the date hereof. The Holder and the Company have agreed to consolidate all amounts currently due the Holder by the Company or its subsidiary into this Convertible Note (the “Note”) on the terms set forth herein.

FOR VALUE RECEIVED, the Company hereby promises to pay to the order of Raymond Key, or registered assigns (the “Holder”), or shall have paid pursuant to the terms hereunder, the principal sum of AUS\$523,562.19 on or before April 30, 2017 (the “Maturity Date”) or such earlier date as this Note is required or permitted to be repaid as provided hereunder, and to pay interest to the Holder on the aggregate unconverted and then outstanding principal amount of this Note, all in accordance with the provisions hereof. This Note is subject to the following additional provisions:

Section 1. Definitions. For the purposes hereof, the following terms shall have the following meanings:

“Bankruptcy Event” means any of the following events: (a) the Company commences a case or other proceeding under any bankruptcy, reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction relating to the Company or any Significant Subsidiary thereof; (b) there is commenced against the Company any such case or proceeding that is not dismissed within 60 days after commencement; (c) the Company is adjudicated insolvent or bankrupt or any order of relief or other order approving any such case or proceeding is entered; (d) the Company suffers any appointment of any custodian or the like for it or any substantial part of its property that is not discharged or stayed within 60 calendar days after such appointment; (e) the Company makes a general assignment for the benefit of creditors; (f) the Company calls a general meeting of all or substantially all of its creditors for the stated purpose of arranging a composition, adjustment or restructuring of its debts; or (g) the Company, by any act or document, expressly indicates its consent to, approval of or acquiescence in any of the foregoing or takes any corporate or other action for the purpose of effecting any of the foregoing.

“Business Day” means any day except Saturday, Sunday, any day which shall be a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

“Common Stock” means the common stock, par value \$.00001 per share, of the Company and stock of any other class of securities into which such securities may hereafter be reclassified or changed into.

“Conversion Shares” means, collectively, the shares of Common Stock issuable upon conversion of this Note in accordance with the terms hereof.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Note” means this Note and any Note or Notes issued in exchange for, or upon the surrender of this Note for conversion, redemption or prepayment).

“Original Issue Date” means the date of the first issuance of this Note, regardless of any transfers of this Note and regardless of the number of instruments which may be issued to evidence this Note.

“Person” means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Trading Day” means a day on which the principal Trading Market is open for business.

“Trading Market” means the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE MKT, the Nasdaq Capital Market, or the OTC Markets Group.

Section 2. Interest; Principal

(a) Payment of Interest. The Company shall pay interest in cash to the Holder from the Date of Original Issuance on the aggregate unconverted and then outstanding principal amount of this Note at the rate of 18% per annum, payable monthly on the first day of each calendar month commencing April 1, 2015, while this Note remains outstanding, on each Conversion Date (as to that principal amount then being converted), on each Optional Redemption Date (as to that principal amount then being redeemed) and on the Maturity Date (each such date, an “Interest Payment Date”) (if any Interest Payment Date is not a Business Day, then the applicable payment shall be due on the next succeeding Business Day); provided, however, that the Holder upon written notice to the Company may elect to have accrued but unpaid interest added to the principal amount of this Note in lieu of any interest payment.

(b) Interest Calculations. Interest shall be calculated on the basis of a 365-day year, and shall accrue daily on the outstanding principal balance commencing on the Original Issue Date until payment in full of the principal sum, together with all accrued and unpaid interest, and other amounts which may become due hereunder, has been made. Interest shall cease to accrue with respect to any principal amount converted. Interest hereunder will be paid to the Person in whose name this Note is registered on the records of the Company regarding registration and transfers of this Note (the “Note Register”).

(c) Principal. The principal portion of this Note shall be repaid in 13 equal consecutive monthly payments, inclusive of accrued interest, of AUS\$44,628.61. Such payments shall be made on the last day of each month commencing April 30, 2016, and continuing to and including April 30, 2017.

(d) Prepayment. The Company, at its option, may prepay all or any portion (but not less than AUS\$100,000) of the principal amount of this Note, together with any interest accrued thereon to the date of redemption (the “Redemption Date”) upon thirty (30) days prior written notice to the Holder (the “Notice of Redemption”); provided, however, the Holder may elect to convert the outstanding principal amount of this Note pursuant to Section 4 prior to actual payment in cash for such redemption by the delivery of a Notice of Conversion to the Company.

Section 3. Registration of Transfers and Exchanges

(a) Different Denominations. This Note is exchangeable for an equal aggregate principal amount of Notes of different authorized denominations, as requested by the Holder surrendering the same. No service charge will be payable for such registration of transfer or exchange.

(b) Investment Representations. This Note has been issued (as one of the "Securities" identified thereunder) subject to certain investment representations of the original Holder set forth in the Purchase Agreement and may be transferred or exchanged only in compliance with the Purchase Agreement and applicable federal and state securities laws and regulations.

(c) Reliance on Note Register. Prior to due presentment for transfer to the Company of this Note, the Company may treat the Person in whose name this Note is duly registered on the Note Register as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Note is overdue, and the Company shall not be affected by notice to the contrary.

Section 4. Conversion.

(a) Conversion at the Option of the Holder. At any time after the Original Issue Date until this Note is no longer outstanding, this Note shall be convertible, in whole or in part, into shares of Common Stock at the option of the Holder, at any time and from time to time. The Holder shall effect conversions by delivering to the Company a Notice of Conversion, the form of which is attached hereto as Annex A (a "Notice of Conversion"), specifying therein the principal amount of this Note to be converted and the date on which such conversion shall be effected (such date, the "Conversion Date"). If no Conversion Date is specified in a Notice of Conversion, the Conversion Date shall be the date that such Notice of Conversion is deemed delivered hereunder. To effect conversions hereunder, the Holder shall not be required to physically surrender this Note to the Company unless the entire principal amount of this Note, plus all accrued and unpaid interest thereon, has been so converted. Conversions hereunder shall have the effect of lowering the outstanding principal amount of this Note in an amount equal to the applicable conversion. The Holder and the Company shall maintain records showing the principal amount(s) converted and the date of such conversion(s). The Company may deliver an objection to any Notice of Conversion within 1 Business Day of delivery of such Notice of Conversion. In the event of any dispute or discrepancy, the records of the Company shall be controlling and determinative in the absence of manifest error. The Holder, and any assignee by acceptance of this Note, acknowledge and agree that, by reason of the provisions of this paragraph, following conversion of a portion of this Note, the unpaid and unconverted principal amount of this Note may be less than the amount stated on the face hereof.

(b) Conversion Price. The conversion price in effect on any Conversion Date shall be equal to US\$0.05, subject to adjustment herein (the "Conversion Price").

(c) Mechanics of Conversion.

(1) Conversion Shares Issuable Upon Conversion of Principal Amount. The number of shares of Common Stock issuable upon a conversion hereunder shall be determined by the quotient obtained by dividing (x) the outstanding principal amount of this Note to be converted by (y) the Conversion Price.

(2) Delivery of Certificate Upon Conversion. Not later than three Trading Days after each Conversion Date (the “Share Delivery Date”), the Company shall deliver, or cause to be delivered, to the Holder (A) a certificate or certificates representing the Conversion Shares which, on or after the Effective Date, shall be free of restrictive legends and trading restrictions (other than those which may then be required by the Purchase Agreement) representing the number of shares of Common Stock being acquired upon the conversion of this Note and (B) a check in the amount of accrued and unpaid interest (unless the Holder by written notice to the Company has elected to add the amount of accrued interest otherwise payable to the principal amount of this Note to be converted).

(3) Obligation Absolute. The Company’s obligations to issue and deliver the Conversion Shares upon conversion of this Note in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by the Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by the Holder or any other Person of any obligation to the Company or any violation or alleged violation of law by the Holder or any other Person, and irrespective of any other circumstance which might otherwise limit such obligation of the Company to the Holder in connection with the issuance of such Conversion Shares; provided, however, that such delivery shall not operate as a waiver by the Company of any such action the Company may have against the Holder. In the event the Holder of this Note shall elect to convert any or all of the outstanding principal amount hereof, the Company may not refuse conversion based on any claim that the Holder or anyone associated or affiliated with the Holder has been engaged in any violation of law, agreement or for any other reason, unless an injunction from a court, on notice to Holder, restraining and or enjoining conversion of all or part of this Note shall have been sought and obtained, and the Company posts a surety bond for the benefit of the Holder in the amount of 125% of the outstanding principal amount of this Note, which is subject to the injunction, which bond shall remain in effect until the completion of arbitration/litigation of the underlying dispute and the proceeds of which shall be payable to such Holder to the extent it obtains judgment. In the absence of such injunction, the Company shall issue Conversion Shares and, if applicable, cash in payment of accrued interest, upon a properly noticed conversion.

(4) Reservation of Shares Issuable Upon Conversion. The Company covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Common Stock for the sole purpose of issuance upon conversion of this Note, free from preemptive rights or any other actual contingent purchase rights of Persons other than the Holder (and the other holders of the Notes), not less than such aggregate number of shares of the Common Stock as shall (subject to the terms and conditions set forth in the Purchase Agreement) be issuable (taking into account the adjustments and restrictions of Section 5) upon the conversion of the outstanding principal amount of this Note and payment of interest hereunder. The Company covenants that all shares of Common Stock that shall be so issuable shall, upon issue, be duly authorized, validly issued, fully paid and non-assessable.

(5) Fractional Shares. Upon a conversion hereunder the Company shall not be required to issue stock certificates representing fractions of shares of Common Stock, but may if otherwise permitted, make a cash payment in respect of any final fraction of a share based on the VWAP at such time. If the Company elects not, or is unable, to make such a cash payment, the Holder shall be entitled to receive, in lieu of the final fraction of a share, one whole share of Common Stock.

(6) Transfer Taxes. The issuance of certificates for shares of the Common Stock on conversion of this Note shall be made without charge to the Holder hereof for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such certificates, provided that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such certificate upon conversion in a name other than that of the Holder of this Note so converted and the Company shall not be required to issue or deliver such certificates unless or until the person or persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

(d) Certain Adjustments for Diluting Issues.

(1) Adjustment for Stock Splits and Combinations. If the Company shall at any time while this Note is outstanding effect a subdivision of the outstanding Common Stock, the Conversion Price in effect immediately before that subdivision shall be proportionately decreased so that the number of shares of Common Stock issuable on conversion shall be increased in proportion to such increase in the aggregate number of shares of Common Stock outstanding. If the Company shall at any time or from time to time after the Original Issue Date combine the outstanding shares of Common Stock, the Conversion Price in effect immediately before the combination shall be proportionately increased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in the aggregate number of shares of Common Stock outstanding. Any adjustment under this subsection shall become effective at the close of business on the date the subdivision or combination becomes effective.

(2) Adjustment for Certain Dividends and Distributions. If the Company, at any time while this Note is outstanding, shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable on the Common Stock in additional shares of Common Stock, then and in each such event the Conversion Price in effect immediately before such event shall be decreased as of the time of such issuance or, in the event such a record date shall have been fixed, as of the close of business on such record date, by multiplying the Conversion Price then in effect by a fraction:

(A) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and

(B) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution.

Notwithstanding the foregoing, if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the Conversion Price shall be adjusted pursuant to this subsection as of the time of actual payment of such dividends or distributions.

(3) Fundamental Transaction. If, at any time while this Note is outstanding, (A) the Company effects any merger or consolidation of the Company with or into another Person, (B) the Company effects any sale of all or substantially all of its assets in one transaction or a series of related transactions, (C) any tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to tender or exchange their shares for other securities, cash or property, or (D) the Company effects any reclassification of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property (in any such case, a "Fundamental Transaction"), then, upon any subsequent conversion of this Note, the Holder shall have the right to receive, for each Conversion Share that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction, the same kind and amount of securities, cash or property as it would have been entitled to receive upon the occurrence of such Fundamental Transaction if it had been, immediately prior to such Fundamental Transaction, the holder of one share of Common Stock (the "Alternate Consideration"). For purposes of any such conversion, the determination of the Conversion Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Conversion Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any conversion of this Note following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any successor to the Company or surviving entity in such Fundamental Transaction shall issue to the Holder a new promissory note consistent with the foregoing provisions and evidencing the Holder's right to convert such debenture into Alternate Consideration. The terms of any agreement pursuant to which a Fundamental Transaction is effected shall include terms requiring any such successor or surviving entity to comply with the provisions of this Section 5(b) and insuring that this Note (or any such replacement security) will be similarly adjusted upon any subsequent transaction analogous to a Fundamental Transaction.

(4) Calculations. All calculations under this Section 4 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 4, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding any treasury shares of the Company) issued and outstanding.

(e) Notice to the Holder.

(1) Adjustment to Conversion Price. Whenever the Conversion Price is adjusted pursuant to any provision of this Section 4, the Company shall promptly mail to each Holder a notice setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

(2) Notice to Allow Conversion by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Company shall authorize the granting to all holders of the Common Stock of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, of any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be filed at each office or agency maintained for the purpose of conversion of this Note, and shall cause to be delivered to the Holder at its last address as it shall appear upon the Note Register, at least 20 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange, provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. The Holder is entitled to convert this Note during the 20-day period commencing on the date of such notice through the effective date of the event triggering such notice.

Section 5. Events of Default.

(a) “Event of Default” means, wherever used herein, any of the following events (whatever the reason for such event and whether such event shall be voluntary or involuntary or effected by operation of law or pursuant to any judgment, decree or order of any court, or any order, rule or regulation of any administrative or governmental body):

i. any default in the payment of (A) the principal amount of any Note or (B) interest and other amounts owing to a Holder on any Note, as and when the same shall become due and payable (whether on a Conversion Date or the Maturity Date or by acceleration or otherwise) which default, solely in the case of an interest payment or other default under clause (B) above, is not cured within five Trading Days;

ii. the Company shall fail to observe or perform any other covenant or agreement contained in the Notes which failure is not cured, if possible to cure, within the earlier to occur of (A) five Trading Days after notice of such failure sent by the Holder or by any other Holder and (B) ten Trading Days after the Company has become aware of such failure;

iii. any representation or warranty made in this Note or the Purchase Agreement, any written statement pursuant hereto or thereto or any other report, financial statement or certificate made or delivered to the Holder or any other Holder shall be untrue or incorrect in any material respect as of the date when made or deemed made; or

iv. the Company shall be subject to a Bankruptcy Event;

(b) Remedies Upon Event of Default. If any Event of Default occurs and is continuing without being waived by the Holder or cured by the Company, the outstanding principal amount of this Note, plus accrued but unpaid interest, and other amounts owing in respect thereof through the date of acceleration, shall become, at the Holder's election, immediately due and payable in cash (the "Default Amount"). Upon the payment in full of the Default Amount, the Holder shall promptly surrender this Note to or as directed by the Company. In connection with such acceleration described herein, the Holder need not provide, and the Company hereby waives, any presentment, demand, protest or other notice of any kind, and the Holder may immediately and without expiration of any grace period enforce any and all of its rights and remedies hereunder and all other remedies available to it under applicable law. Such acceleration may be rescinded and annulled by Holder at any time prior to payment hereunder and the Holder shall have all rights as a holder of the Note until such time, if any, as the Holder receives full payment pursuant to this Section 7(b). No such rescission or annulment shall affect any subsequent Event of Default or impair any right consequent thereon.

Section 6 . Miscellaneous .

(a) Notices. Any and all notices or other communications or deliveries to be provided by the Holder hereunder, including, without limitation, any Notice of Conversion, shall be in writing and delivered personally, by electronic mail, or sent by a nationally recognized overnight courier service, addressed to the Company, at the address set forth above, **Attention:** Brendan Macpherson, Chief Executive Officer, or by electronic mail to ben@banjoandmatilda.com, or such other address as the Company may specify for such purpose by notice to the Holder delivered in accordance with this Section 7. Any and all notices or other communications or deliveries to be provided by the Company hereunder shall be in writing and delivered personally, by electronic mail, or sent by a nationally recognized overnight courier service addressed to the Holder at the electronic mail or other address of such Holder appearing on the signature page hereto or in any transfer document delivered to the Company, as applicable, or such other facsimile number or address as such Holder may specify for such purpose by written notice to the Company delivered in accordance with Section 7. Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via electronic mail at the address specified in this Section 7 prior to 5:30 p.m. (New York City time), (ii) the date immediately following the date of transmission, if such notice or communication is delivered via electronic mail at the address specified in this Section 6 between 5:30 p.m. (New York City time) and 11:59 p.m. (New York City time) on any date, (iii) the second Business Day following the date of timely delivered to a nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given. Refusal to accept delivery shall constitute delivery.

(b) Absolute Obligation. Except as expressly provided herein, no provision of this Note shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, and accrued interest, as applicable, on this Note at the time, place, and rate, and in the coin or currency, herein prescribed. This Note is a direct debt obligation of the Company. This Note ranks pari passu with all other Notes now or hereafter issued under the terms set forth herein.

(c) Lost or Mutilated Debenture. If this Note shall be mutilated, lost, stolen or destroyed, the Company shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated Note, or in lieu of or in substitution for a lost, stolen or destroyed Note, a new Note for the principal amount of this Note so mutilated, lost, stolen or destroyed, but only upon receipt of evidence of such loss, theft or destruction of such Note, and of the ownership hereof, and a customary indemnity agreement reasonably satisfactory to the Company.

(d) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Note shall, to the greatest extent permitted by applicable law, be governed by and construed and enforced in accordance with the internal laws of the State of New York and federal laws of the United States of America, without regard to any principles of conflicts of law thereof that would defer to the substantive laws of any other jurisdiction. Each party agrees that all legal proceedings concerning the interpretation, enforcement and defense of the transactions contemplated by the Purchase Agreement (whether brought against a party hereto or its respective Affiliates, directors, officers, shareholders, employees or agents) shall be commenced in the state and federal courts sitting in the City of New York, Borough of Manhattan (the "New York Courts"). Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the New York Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of the Purchase Agreement), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such New York Courts, or such New York Courts are improper or inconvenient venue for such proceeding. The preceding consents to New York governing law and jurisdiction and venue in New York State's Supreme Court have been made by the parties in reliance (at least in part) on Sections 5-1401 and 5-1402 of the General Obligations Law of the State of New York, as amended (as and to the extent applicable), and other applicable law. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Note and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by applicable law. If either party shall commence an action or proceeding to enforce any provisions of this Note, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its attorneys fees and other costs and expenses incurred in the investigation, preparation and prosecution of such action or proceeding.

EACH OF THE PARTIES HERETO WAIVES ANY RIGHT TO REQUEST A TRIAL BY JURY IN ANY LITIGATION WITH RESPECT TO THIS AGREEMENT AND REPRESENTS THAT COUNSEL HAS BEEN CONSULTED SPECIFICALLY AS TO THIS WAIVER.

(e) Waiver. Any waiver by the Company or the Holder of a breach of any provision of this Note shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Note. The failure of the Company or the Holder to insist upon strict adherence to any term of this Note on one or more occasions shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Note. Any waiver by the Company or the Holder must be in writing.

(f) Severability. If any provision of this Note is invalid, illegal or unenforceable, the balance of this Note shall remain in effect, and if any provision is inapplicable to any Person or circumstance, it shall nevertheless remain applicable to all other Persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates the applicable law governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum rate of interest permitted under applicable law. The Company covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law or other law which would prohibit or forgive the Company from paying all or any portion of the principal of or interest on this Note as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this indenture, and the Company (to the extent it may lawfully do so) hereby expressly waives all benefits or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impeded the execution of any power herein granted to the Holder, but will suffer and permit the execution of every such as though no such law has been enacted.

(g) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

(h) Headings. The headings contained herein are for convenience only, do not constitute a part of this Note and shall not be deemed to limit or affect any of the provisions hereof.

(i) Assumption. Any successor to the Company or any surviving entity in a Fundamental Transaction shall (i) assume, prior to such Fundamental Transaction, all of the obligations of the Company under this Note and the other Transaction Documents pursuant to written agreements in form and substance satisfactory to the Holder (such approval not to be unreasonably withheld or delayed) and (ii) issue to the Holder a new promissory note of such successor entity evidenced by a written instrument substantially similar in form and substance to this Note, including, without limitation, having a principal amount and interest rate equal to the principal amount and the interest rate of this Note and having similar ranking to this Note, which shall be satisfactory to the Holder (any such approval not to be unreasonably withheld or delayed). The provisions of this Section 7(i) shall apply similarly and equally to successive Fundamental Transactions and shall be applied without regard to any limitations of this Note.

(j) Purchase Agreement. All of the applicable provisions of the Purchase Agreement are incorporated herein by reference and made a part hereof. In the event that any specific provision of this Note conflicts or is inconsistent with any specific term or provision contained in the Purchase Agreement, the specific term or provision of the Purchase Agreement shall control and be given effect. However, this Agreement contains provisions that are in addition to those contained in the Purchase Agreement, which each are cumulative with and not alternatives to each other, and which shall not be deemed or construed to be in conflict or inconsistent with the Purchase Agreement because they are not contained in it.

(k) Amendment; Holder is a Party. This Note may not be supplemented, modified, amended, restated, waived, extended, discharged or terminated orally. This Note may only be (i) supplemented, modified, amended or restated in a writing signed by the Company and the Holder (or in the case of a restated or replacement Note, consented to in a separate writing by the Holder if the Holder elects not to sign such Debenture) and (ii) waived, extended, discharged or terminated in a writing signed by the party against whom such waiver, extension, discharge or termination would have to be enforced. By accepting this Note, the Holder acknowledges and agrees that the Holder (A) is a "party" and one of the "parties" for the purposes of this Note and (A) is contractually bound by the provisions hereof applicable to it as a party or one of the parties.

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed by a duly authorized officer as of the date first above indicated.

BANJO & MATILDA, INC.

By: /s/ Brendan Macpherson
Brendan Macpherson
Chief Executive Officer

HOLDER:

Lighthouse Enterprises Trustee Limited
Company number in NZ: 3920642

By: /s/ Raymond Key
Raymond Key, Director

Address:

c/o Raymond Key
396 Frankton-Ladies Mile Highway
RD1, Queenstown 9371
NZ

ANNEX A

NOTICE OF CONVERSION

The undersigned hereby elects to convert principal under the 18% Convertible Note due July 31, 2016 of Banjo and Matilda, Inc., a Nevada corporation (the "Company"), into shares of common stock, par value \$.00001 per share (the "Common Stock"), of the Company according to the conditions hereof, as of the date written below. If shares of Common Stock are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates and opinions as reasonably requested by the Company in accordance therewith. No fee will be charged to the holder for any conversion, except for such transfer taxes, if any.

Conversion calculations:

Date to Effect Conversion:

Principal Amount of Note to be Converted:

Payment of Interest in Common Stock __ yes __ no

If yes, \$_____ of Interest Accrued on Account of Conversion at Issue.

Number of shares of Common Stock to be issued:

Signature:

Name:

Address:

Schedule 1

CONVERSION SCHEDULE

This 18% Convertible Note due on July 31, 2016 in the principal amount of \$250,000 is issued by Banjo & Matilda, Inc. This Conversion Schedule reflects conversions made under Section 4 of the above referenced Note.

Dated:

Date of Conversion (or for first entry, Original Issue Date)	Amount of Conversion	Aggregate Principal Amount Remaining Subsequent to Conversion (or original Principal Amount)	Company Attest

SECURITIES PURCHASE AGREEMENT

THIS SECURITIES PURCHASE AGREEMENT (this "Agreement") made as of February , 2015 between Banjo & Matilda, Inc., a Nevada corporation (the "Company") and the individual or entity whose name is set forth on the signature page hereto (the "Investor").

Preliminary Statement

Investor desires to purchase and the Company desires to issue and sell, upon the terms and conditions set forth in this Agreement the number of shares of common stock of the Company (the "Shares") provided for herein at the Purchase Price (as defined herein).

The issuance and sale of the Shares to the Investor is intended to be exempt from the registration requirements of the Securities Act of 1933, as amended, or any successor statutes and the rules and regulations promulgated thereunder ("Securities Act"), in reliance upon the exemption provided by Regulation S of the Securities Act ("Regulation S").

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, the parties hereby agree as follows:

1. Purchase and Sale of Note.

1.1 **Sale and Issuance** . The Company hereby agrees to issue to Investor, and the Investor hereby agrees to purchase from the Company, the number of shares of the common stock of the Company set forth on the signature page for the per share and aggregate amounts (the "Purchase Price") set forth on the signature page, on the terms and subject to the conditions set forth herein.

1.2 **Closing; Delivery** . The Company acknowledges receipt of the Purchase Price and agrees to deliver a certificate representing the Shares promptly after the date hereof.

2. **Representations and Warranties of the Company** . The Company hereby represents and warrants to the Investor that, except as set forth in the schedule delivered herewith (collectively, the "Disclosure Schedule"):

2.1 **Organization** . The Company and each of its subsidiaries listed in the SEC Reports, as defined in Section 2.5 below (the "Subsidiaries), is duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, and each has full corporate power and authority to own, lease and operate its properties and assets and to conduct its business as now being conducted. The Company has all requisite power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The Company and each of its Subsidiaries is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction in which the conduct of its business, or its ownership or leasing of property, makes such qualification necessary, unless the failure to so qualify has not and could not reasonably be expected to have a material adverse effect on (i) the assets, liabilities, results of operations, condition (financial or otherwise), business, or prospects of the Company and its Subsidiaries taken as a whole, or (ii) the ability of the Company to perform its obligations under this Agreement ("Material Adverse Effect").

2.2 Capital Stock. (a) The authorized capital stock of the Company consists of 200,000,000 shares, comprised of:

(i) One hundred million (100,000,000) shares of Common Stock;

(ii) One hundred million (100,000,000) of preferred stock, par value \$0.00001 per share, of which 1,000,000 shares are issued and outstanding. Each share of preferred stock is entitled to 100 votes and is owned by Brendan Macpherson, Chief executive Officer of the Company. The shares of preferred stock will be cancelled at such time as Brendan Macpherson ceases to serve as Chief Executive Officer of the Company.

(b) Except as disclosed the SEC Reports (as defined in Section 2.5 below) or as described on Schedule 2.2, (x) there are no outstanding warrants, options, convertible securities, calls or other rights, agreements or arrangements of any character under which the Company or any of its subsidiaries is or may be obligated to issue any equity securities of any kind; (y) no security holder of the Company has the preemptive right, under the Articles of Incorporation or otherwise, or a right of first refusal, to purchase or acquire from the Company any capital stock of the Company and (z) except for the transactions contemplated by this Agreement, there are no convertible securities, outstanding warrants, options, calls or other rights to subscribe for, purchase or acquire from the Company any capital stock of the Company and there are not any contracts or binding commitments providing for the issuance of, or the granting of rights to acquire, any capital stock of the Company or under which the Company is, or may become, obligated to issue any of its securities. All issued and outstanding capital stock of the Company has been duly authorized, and is validly issued and outstanding and fully paid and non-assessable and was issued in full compliance with applicable state and federal securities law and any rights of third parties. The shares of Common Stock which the Investor may acquire upon conversion of the Note when issued in accordance with the terms of the Note will be duly authorized, validly issued, fully paid and non-assessable and will not be subject to preemptive rights created by statute, the Company's articles of incorporation or bylaws or any agreement to which Company is a party or by which Company is bound.

2.2 Authorization; Due Execution and Delivery; Valid and Binding. All corporate action on the part of the Company necessary for the authorization, execution, delivery, and performance of all of the Company's obligations under this Agreement and for the authorization, issuance, and sale of the Shares of Common Stock has been taken. This Agreement has been duly executed and delivered on behalf of the Company and constitutes a valid, legal, and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and general principles of equity.

2.3 No Conflicts. The execution and delivery of this Agreement and the Shares by the Company does not, and the consummation by the Company of the transactions contemplated hereby and compliance with the terms hereof and thereof will not, conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to loss of a material benefit under, or to the increased, additional, accelerated or guaranteed rights or entitlements of any Person under, or result in the creation of any security interest, lien, charge or other encumbrance (collectively, "Encumbrances") upon any of the properties or assets of the Company under, any provision of (i) the articles of incorporation and bylaws of the Company, (ii) any material note, indenture, mortgage, lease, agreement, contract, purchase order or other material instrument or agreement to which the Company or any of its subsidiaries is a party or by which it or any of its material property is bound or affected, (iii) any order of any court, governmental authority or arbitrator applicable to the Company or its properties or assets, or (iv) any law, statute, rule, regulation or judicial or administrative decision applicable to the Company; except in the case of clauses (ii), (iii) and (iv), such conflicts, violations and defaults, termination, cancellation and acceleration rights and entitlements and Encumbrances that in the aggregate would not hinder or impair the consummation of the transactions contemplated hereby or have a Material Adverse Effect with respect to the Company. As used herein, "Person" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

2.4 Consents. Except (i) as set forth in Schedule 2.4, and (ii) for the filing of such reports required under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (the items in clauses (i) and (ii) being collectively referred to herein as "Company Consents"), no consents, approvals, licenses, permits, orders or authorizations of, or registrations, declarations, notices or filings with, any governmental authority or any third party are required to be obtained or made by or with respect to the Company in connection with the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated hereby or the taking by the Company of any other action contemplated hereby or thereby, which, if not obtained or made, would have a Material Adverse Effect with respect to the Company.

2.5 SEC Reports. The Company has filed on a timely basis copies of all required reports, schedules, registration statements and definitive proxy or information statements with the SEC since November 18, 2013 (as such documents have since the time of their filing been amended, the "SEC Reports"), true and complete copies of which have been made available to the Investor through the SEC's EDGAR system at SEC.gov. As of their respective dates, the SEC Reports (including the financial statements filed as a part thereof) complied in all material respects with the requirements of the Securities Act or the Exchange Act, as applicable, and the rules and regulations of the SEC thereunder applicable to such SEC Reports, and none of the SEC Reports contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of Company and its Subsidiaries included in the SEC Reports (the "Financial Statements") comply as to form in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with GAAP applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and fairly present (subject, in the case of the unaudited financial statements, to normal, recurring audit adjustments, which were not individually or in the aggregate material) the financial position of Company and its Subsidiaries as at the dates thereof and the consolidated results of their operations and cash flows for the periods then ended.

2.6 Absence of Changes or Events. Except as disclosed in the SEC Reports, since the date of the most recent audited financial statements included in the SEC Reports, there have not occurred any changes, occurrences or other events or conditions of any character that, in the aggregate, have or would reasonably be expected to have, a Material Adverse Effect with respect to the Company or on the ability of the Company to perform its material obligations under this Agreement or the Note.

2.7 No Undisclosed Liabilities. Except as set forth in the SEC Reports or Schedule 2.7, the Company has no material liabilities or obligations.

2.8 No Undisclosed Events or Circumstances. No event or circumstance has occurred or exists with respect to the Company or its businesses, properties, operations or financial condition that has not been described in the SEC Reports or the Disclosure Schedule.

2.9 No Material Adverse Change. Except as set forth in the SEC Reports or Schedule 2.9, since September 30, 2014 there has not been:

(i) any change in the consolidated assets, liabilities, financial condition or operating results of the Company from that reflected in the Financial Statements, except for changes in the ordinary course of business which have not had and could not reasonably be expected to have a Material Adverse Effect;

(ii) any declaration or payment of any dividend, or any authorization or payment of any distribution, on any of the capital stock of the Company, or any redemption or repurchase of any securities of the Company;

(iii) any material damage, destruction or loss, whether or not covered by insurance, to any material assets or properties of the Company or its Subsidiaries;

(iv) any waiver, not in the ordinary course of business, by the Company or any Subsidiary of a material right or of a material debt owed to it;

(v) any satisfaction or discharge of any material lien, claim or encumbrance or payment of any material obligation by the Company or a Subsidiary, except in the ordinary course of business and which is not material to the assets, properties, financial condition, operating results or business of the Company and its Subsidiaries taken as a whole;

(vi) any change or amendment to the Company's Articles of Incorporation or By-Laws, or material change to any material contract or arrangement by which the Company or any Subsidiary is bound or to which any of their respective material assets or properties is subject;

(vii) any material transaction entered into by the Company or a Subsidiary, other than in the ordinary course of business;

(viii) the loss of the services of any key employee, or material change in the composition or duties of the senior management of the Company or any Subsidiary;

(ix) the loss or threatened loss of any customer which has had or could reasonably be expected to have a Material Adverse Effect; or

(x) any other event or condition of any character that has had or could reasonably be expected to have a Material Adverse Effect.

2.10 Compliance with Other Instruments. Except as described on Schedule 2.10, neither the Company nor any of its Subsidiaries is in violation of (a) its Articles of Incorporation or By-laws, or in default in any material respect under any material note, indenture, mortgage, lease, agreement, contract, purchase order or other material instrument or agreement to which the Company or any of its Subsidiaries is a party or by which it or any of its material property is bound or affected, or (b) in violation of any law, statute, ordinance, regulation, order, writ, injunction, decree, or judgment of any court or any governmental department, commission, board, bureau, agency, self-regulatory body or instrumentality, domestic or foreign. To the best knowledge of the Company, no third party is in material default under any agreement, contract or other instrument or agreement to which the Company or any of its subsidiaries is a party or by which it or any of its material property is bound or affected. Neither the Company nor any of its Subsidiaries is a party to or bound by any order, judgment, decree or award of any governmental authority, agency, court, tribunal or arbitrator.

2.11 Use of Proceeds. The Company will use the proceeds from the issuance and sale of the Shares as working capital.

2.12 Exempt Transaction. In reliance on the investment representations of the Investor contained in Section 3, the offer, issuance and sale of the Shares, as provided in this Agreement, are exempt from the registration requirements in Section 5 of the Securities Act.

2.13 Disclosure. The representations and warranties contained in this Section 2 together with the Disclosure Scheduledo not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements and information contained in this Section 2 not misleading.

2.14 Brokers. Neither the Company nor any of its officers, directors or employees has employed any broker or finder or incurred any liability for any brokerage fees, commissions or finders' fees in connection with the transactions contemplated by this Agreement.

3. Representations and Warranties of the Investor. The Investor hereby represents and warrants to the Company as follows:

3.1 Due Execution and Delivery; Valid and Binding. This Agreement has been duly executed and delivered by the Investor and constitutes a valid and binding obligation of the Investor enforceable against the Investor in accordance with the terms hereof, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights generally and to general principles of equity.

3.2 No Conflicts. The execution, delivery and performance of this Agreement and the consummation by the Investor of the transactions contemplated hereby do not and will not (i) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of any agreement, indenture or instrument or obligation to which the Investor is a party or by which his properties or assets are bound, or result in a violation of any law, rule, or regulation, or any order, judgment or decree of any court or governmental agency applicable to the Investor or his properties. The Investor is not required to obtain any consent, authorization or order of, or make any filing or registration with, any court or governmental agency in order for it to execute, deliver or perform any of its obligations under this Agreement or to purchase the Note.

3.3 Access to Information Concerning the Company. The Investor has been directed to the SEC's website "EDGAR" for information concerning the Company. In addition, the Investor has had the opportunity to ask questions of management of the Company and received such additional information regarding the Company as the Investor deems necessary as a basis for making a determination to purchase the Note.

3.4 Regulation S Exemption. The Investor understands that the Shares are being offered and sold in reliance on an exemption from the registration requirements of the Securities Act under Regulation S and that the Company is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings of the Investor set forth herein in order to determine the applicability of such exemptions. In this regard, the Investor represents, warrants and agrees that:

(i) The Investor is not a U.S. Person (as defined in Rule 902(k) of Regulation S) and is not acquiring the Note for the account or benefit of a U.S. Person.

(ii) At the time of the origination of contact concerning this Agreement and the date of the execution and delivery of this Agreement, the Investor was outside of the United States.

(iii) The Investor will not, during the period commencing on the date of issuance of the Note and ending on the six month anniversary of such date, or such shorter period as may be permitted by Regulation S or other applicable securities law (the "Restricted Period"), offer, sell, pledge or otherwise transfer the Shares in the United States, or to a U.S. Person for the account or for the benefit of a U.S. Person, or otherwise in a manner that is not in compliance with Regulation S.

(iv) The Investor was not in the United States, engaged in, and prior to the expiration of the Restricted Period will not engage in, any short selling of or any hedging transaction with respect to the Conversion Shares, including without limitation, any put, call or other option transaction, option writing or equity swap.

(v) The transactions contemplated by this Agreement have not been pre-arranged with a buyer located in the United States or with a U.S. Person, and are not part of a plan or scheme to evade the registration requirements of the Securities Act.

(viii) Neither the Investor nor any person acting on his behalf has undertaken or carried out any activity for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States, its territories or possessions, for any of the Conversion Shares. The undersigned agrees not to cause any advertisement of the Shares to be published in any newspaper or periodical or posted in any public place and not to issue any circular relating to the Shares, except such advertisements that include the statements required by Regulation S under the Securities Act, and only offshore and not in the U.S. or its territories, and only in compliance with any local applicable securities laws.

(ix) The offer to sell the Shares was directly communicated to the Investor by the Company or a designated representative of the Company and no other person has solicited an investment in the Shares on behalf of the Company. At no time was the Investor presented with or solicited by any leaflet, newspaper or magazine article, radio or television advertisement, or any other form of general advertising or solicited or invited to attend a promotional meeting otherwise than in connection and concurrently with such communicated offer.

3.5 Legends. The Investor understands that, until registered under the Securities Act or transferred pursuant to the provisions of Rule 144 as promulgated by the SEC, all certificates evidencing the Shares shall be endorsed with the following legends, in addition to any other legend required to be placed thereon by applicable federal or state securities laws:

(A) "THE SECURITIES ARE BEING OFFERED TO INVESTORS WHO ARE NOT U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT OF 1933, AS AMENDED ("THE SECURITIES ACT")) AND WITHOUT REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT IN RELIANCE UPON REGULATION S PROMULGATED UNDER THE SECURITIES ACT."

(B) "TRANSFER OF THESE SECURITIES IS PROHIBITED, EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF REGULATION S, PURSUANT TO REGISTRATION UNDER THE SECURITIES ACT, OR PURSUANT TO AVAILABLE EXEMPTION FROM REGISTRATION. HEDGING TRANSACTIONS MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE SECURITIES ACT."

3.6. Representations And Warranties With Respect To The USA Patriot Act

(a) The Investor understands and agrees that the Company prohibits the investment of funds by any persons or entities that are acting, directly or indirectly, (i) in contravention of any U.S. or international laws and regulations, including anti-money laundering regulations or conventions, (ii) on behalf of terrorists or terrorist organizations, including those persons or entities that are included on the List of Specially Designated Nationals and Blocked Persons maintained by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"), as such list may be amended from time to time, (iii) for a senior foreign political figure, any member of a senior foreign political figure's immediate family or any close associate of a senior foreign political figure, unless the Company, after being specifically notified by the Investor in writing that it is such a person, conducts further due diligence, and determines that such investment shall be permitted, or (iv) for a foreign shell bank (such persons or entities in (i) - (iv) are collectively referred to as "Prohibited Persons").

(b) The Investor represents, warrants and covenants that: (i) it is not, nor is any person or entity controlling, controlled by or under common control with the Investor, a Prohibited Person, and (ii) to the extent the Investor has any beneficial owners, (1) it has carried out thorough due diligence to establish the identities of such beneficial owners, (2) based on such due diligence, the Investor reasonably believes that no such beneficial owners are Prohibited Persons, (3) it holds the evidence of such identities and status and will maintain all such evidence for at least five years from the date of the Investor's complete withdrawal from the Company, and (4) it will make available such information and any additional information that the Company may require upon request.

(c) If any of the foregoing representations, warranties or covenants ceases to be true or if the Company no longer reasonably believes that it has satisfactory evidence as to their truth, notwithstanding any other agreement to the contrary, the Company may be obligated to freeze the Investor's investment, either by segregating the assets constituting the investment in accordance with applicable regulations, or the Investor's investment may immediately be involuntarily withdrawn by the Company, and the Company may also be required to report such action and to disclose the Investor's identity to OFAC or other authority. In the event that the Company is required to take any of the foregoing actions, the Investor understands and agrees that it shall have no claim against the Company or its affiliates, directors, members, partners, shareholders, officers, employees and agents for any form of damages as a result of any of the aforementioned actions.

3.7 Risk of Loss; Disclosure of Information. Without derogating from the Investor's right to rely on the representations and warranties of the Company set forth in Section 2 above, the Investor further represents and warrants to the Company with respect to its purchase of the Sahres as follows:

(a) The Investor acknowledges that in purchasing the Shares (the "Securities") it is prepared to continue to bear the economic risk of such investment for an indefinite period of time.

(b) The Investor is able to bear the economic risk of an investment in the Securities and could afford a complete loss of such investment.

(c) The Investor acknowledges that it and its advisers and representatives have had an opportunity to ask questions of, and receive answers to its satisfaction from, a Person acting on behalf of the Company concerning such investment.

(d) The Investor has the requisite knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of an investment in the Securities and has evaluated the risk of investing in the Securities.

(e) The Investor understands that the offering and sale of the Securities is intended to be exempt from registration under the Securities Act by virtue of Regulation S and that the Company's reliance on such exemption is predicated upon, among other things, the investment representations of the Investor contained in this Section 3.

(f) The Investor has received all the information, records and books it considers, necessary or appropriate for deciding whether to purchase the Securities and make an investment in the Company. The Investor has had a reasonable opportunity to ask questions and receive answers from all persons acting on behalf of the Company concerning the Company and the Securities, and all such questions have been answered to the full satisfaction of the Investor.

(g) The Investor is not subscribing for the Securities as a result of or subsequent to any advertisement, article, notice, or other communication published in any newspaper, magazine, or similar media or broadcast over television or radio, or presented at any seminar or meeting, or any solicitation of an investment in the Company by a person other than the Company or a representative of the Company with whom the Investor had a preexisting relationship in connection with other investment transactions.

(h) The Investor has such knowledge and experience in financial, tax and business matters so as to enable the Investor to utilize the information made available to the Investor to evaluate the merits and risks of an additional investment in the Company and to make an informed investment decision with respect thereto.

(i) The Investor will not sell or otherwise transfer any of the Securities without registration under the Securities Act and applicable state securities laws or pursuant to an exemption therefrom. The Securities have not been registered under the Securities Act or under the securities laws of any states. The Investor represents that the Investor is purchasing the Securities for the Investor's own account, for investment and not with an intention to resell or distribute the Securities. The Investor is aware that there is currently no market for the Note, and in any event, that there are substantial restrictions on transferability of the Securities set forth in the 1933 Act. The Investor is aware that an exemption from the registration requirements of the Securities Act pursuant to Rule 144 promulgated thereunder is not presently available.

(j) The Investor recognizes that an investment in the Company involves substantial risks, including loss of the entire amount of such investment, and has taken full cognizance of, and understands all of the risks related to, the purchase of the Securities.

(k) The Investor has no agreement or arrangement with any person or entity to sell, transfer or pledge the Securities, and the Investor is the sole party in interest with regard to the Securities.

(l) The Investor has consulted, to the extent deemed appropriate by the Investor, with the Investor's own advisers as to the financial, tax, legal and related matters concerning an additional investment in the Company and on that basis believes that its investment in the Securities is suitable and appropriate for the Investor. The Investor's overall commitment to the Company and other investments which are not readily marketable, is not disproportionate to the Investor's net worth and the Investor has no need for immediate liquidity in the Investor's investment in the Securities.

5. Covenants and Agreements of the Company.

5.1 Reports. The Company will furnish to the Investor such information relating to the Company and its Subsidiaries as he may reasonably request from time to time as long as the Investor requesting the information continues to own any of the Securities; provided, however, that this Section 5.2 shall not require the Company to disclose material nonpublic information to the Investor, or to advisors to or representatives of the Investor, unless prior to disclosure of such information the Company identifies and designates such information as material nonpublic information and the recipients of such information have signed and delivered to the Company a confidentiality agreement with the Company, in form and substance satisfactory to the Company and its counsel, in their sole discretion, in which the recipient acknowledges that the information to be disclosed to it is material non-public information and agrees to maintain the confidentiality of that information and not to trade the Company's securities until that information has been publicly disclosed by the Company or a Person authorized by the Company to disclose that information to the public in a filing with the Securities and Exchange Commission or a press release issued in the name of, or on behalf of, the Company through a recognized reporting service in the United States.

6. Miscellaneous

6.1 Further Assurances. Each of the parties hereto shall perform such further acts and execute such further documents as may reasonably be necessary to carry out and give full effect to the provisions of this Agreement and the intentions of the parties as reflected thereby.

6.2 Governing Law; Consent to Jurisdiction; Waiver of Jury Trial. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall, to the greatest extent permitted by applicable law, be governed by and construed and enforced in accordance with the internal laws of the State of New York and federal laws of the United States of America, without regard to any principles of conflicts of law thereof that would defer to the substantive laws of any other jurisdiction. Each party agrees that all legal proceedings concerning the interpretation, enforcement and defense of the transactions contemplated by this Agreement (whether brought against a party hereto or its affiliates, directors, officers, shareholders, employees or agents) shall be commenced in the state and federal courts sitting in the City of New York, Borough of Manhattan (the "New York Courts"). Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the New York Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of the Purchase Agreement), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such New York Courts, or such New York Courts are improper or inconvenient venue for such proceeding. The preceding consents to New York governing law and jurisdiction and venue in New York State's Supreme Court have been made by the parties in reliance (at least in part) on Sections 5-1401 and 5-1402 of the General Obligations Law of the State of New York, as amended (as and to the extent applicable), and other applicable law. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by applicable law. If either party shall commence an action or proceeding to enforce any provision of this Agreement, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its attorneys' fees and other costs and expenses incurred in the investigation, preparation and prosecution of such action or proceeding.

EACH OF THE PARTIES HERETO WAIVES ANY RIGHT TO REQUEST A TRIAL BY JURY IN ANY LITIGATION WITH RESPECT TO THIS AGREEMENT AND REPRESENTS THAT COUNSEL HAS BEEN CONSULTED SPECIFICALLY AS TO THIS WAIVER.

6.3 Successors and Assigns; Assignment . This Agreement, and the rights and obligations of the parties under this Agreement, may not be assigned or assumed by any other Person. The provisions of this Agreement shall inure to the benefit of and be binding upon the respective permitted successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

6.4 Entire Agreement; Amendment and Waiver . This Agreement, including the Exhibits and the Disclosure Schedules hereto, constitute the full and entire understanding and agreement between the parties with regard to the subject matters hereof and thereof and supersede all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter hereof and thereof. Any term of this Agreement may be amended and the observance of any term hereof may be waived (either prospectively or retroactively and either generally or in a particular instance) only with the written consent of all of the parties to this Agreement. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each holder of any Securities purchased under this Agreement at the time outstanding, each future holder of such Securities and the Company.

6.5 Notices . All notices and other communications required or permitted hereunder to be given to a party to this Agreement shall be in writing and shall be (i) sent by electronic mail or (ii) mailed by registered or certified mail, return receipt requested, postage prepaid, or (iii) delivered by hand or by messenger, or (iv) by internationally recognized overnight air courier, addressed to such party's address as set forth below or at such other address as the party shall have furnished to each other party in writing in accordance with this provision:

if to the Investor: Raymond Key
396 Ladies Mile
Lake Hayes
Queenstown, New Zealand
E-mail: raymondkey@yahoo.co.uk
Telephone: 011-64-274423601

if to the Company: Banjo & Matilda, Inc.
76 William Street
Paddington, NSW Australia 2021
Attention: Brendan Macpherson, Chief Executive Officer
E-mail: ben@banjoandmatilda.com
Telephone: 011-61-2-8069-2665

with a copy to:

Eaton & Van Winkle LLP
3 Park Avenue, 16th floor
New York, New York 10016
Attention: Vincent J. McGill, Esq.
E-mail: vmcgill@evw.com
Telephone: 212 561-3604

or such other address with respect to a party as such party shall notify each other party in writing as above provided. Any notice sent in accordance with this Section 6.5 shall be effective (i) if mailed, three (3) business days after such notice is deposited in first class mail, postage prepaid, (ii) if delivered by hand or by messenger, upon delivery, (iii) if sent via electronic mail, upon transmission and electronic confirmation of receipt and (iv) if given by internationally recognized air courier, one business day after delivery to such carrier.

6.6 Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to any party upon any breach or default under this Agreement, shall be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent, or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any of the parties, shall be cumulative and not alternative.

6.7 Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable under applicable law, then such provision shall be excluded from this Agreement and the remainder of this Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms; provided, however, that in such event this Agreement shall be interpreted so as to give effect, to the greatest extent consistent with and permitted by applicable law, to the meaning and intention of the excluded provision as determined by such court of competent jurisdiction.

6.8 Counterparts. This Agreement may be executed by facsimile and in any number of counterparts, each of which shall be deemed an original and enforceable against the parties actually executing such counterpart, and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF the parties have signed this Series A Stock Purchase Agreement as of the date first hereinabove set forth.

BANJO & MATILDA, INC.

By:
Brendan Macpherson
Chief Executive Officer

THE INVESTOR:

Number of Shares: _____

Per Share Price: _____

Aggregate Price (previously paid): _____