

mHITs Limited.

PRODUCT DISCLOSURE STATEMENT

Dated: 8th May 2008

Issued by mHITs Limited ABN 82 107 753 613 (mHITs).

This Product Disclosure Statement applies to customers of mHITs residents in Australia.

The information in this product Disclosure Statement ("PDS") is up to date as of 7th May 2008. If this information changes and the changes are not materially adverse, we will make this updated information available on our website, <http://www.mhits.com.au>, or you can call us on 02 6223 2023 to request a copy to be mailed to you.

1. The purpose of this Product Disclosure Statement

The law requires that we prepare and provide you with a Product Disclosure Statement ("PDS"). The purpose of this PDS is to give you the information you require to make an informed decision about whether or not to subscribe to the mHITs Service. To assist you in understanding the mHITs Service, this PDS details the significant features of the mHITs Service, including how to use it and its benefits and risks.

This PDS and the mHITs Terms and Conditions form your agreement with us. You should read this PDS, the mHITs Terms and Conditions and the Privacy Policy carefully before deciding whether to register for or use the mHITs Service.

2. About this Product Disclosure Statement

This PDS provides you with information about the mHITs Service to help you decide whether to use the mHITs service. Please read this PDS carefully before deciding to subscribe for the mHITs Service.

This PDS is not intended to constitute advice, nor is it a recommendation or opinion that the mHITs Service is suitable for your needs. The information in this PDS is of a general nature only, and does not take into account your specific objectives, financial situation or particular needs.

This PDS only applies to Australian resident users of the mHITs Service.

3. Contact Details

Your mHITs account and the mHITs Service are provided to you by:

mHITs Limited - ACN 107 753 613, ABN 82 107 753 613 (mHITs).

mHITs's contact details are as follows:

mHITs Limited.
ABN 82 107 753 613
Canberra Technology Park
49 Phillip Avenue
WATSON ACT 2602
Phone: 02 6223 2023
Fax: 02 6242 5090
Email: info@mhits.com.au

4. Meaning of words used

In this PDS, these words have the following meanings:

"mHITs Service": The SMS and online payment service, SMS marketing service and any related product and services provided by mHITs to users in accordance with the mHITs Terms and Conditions;

"mHITs", "we" or "our": mHITs Limited. ABN 82 107 753 613;

"You" or "your": Each person who subscribes to the mHITs Service in accordance with the mHITs Terms and Conditions;

"User": A user of the mHITs Service

"Terms and Conditions": The mHITs Terms and Conditions document, which is available online at <http://www.mhits.com.au/terms-and-conditions.html>.

5. The mHITS Service

The mHITS Service is an SMS payment service currently available in Australia, permitting any consumer with an Australian mobile phone to safely, conveniently, and cost effectively send and receive payments via SMS. The mHITS Service lets users send payments for a fee and can be used only from mobile phones.

Australian resident customers with an active Australian mobile phone are permitted to use the mHITS service. Access to the mHITS Services is via an English only website operated through <http://www.mhits.com.au>.

mHITS is not licensed as a bank in Australia and does not provide banking services.

6. Terms and Conditions

All of the terms and conditions related to the mHITS Service are located in the mHITS Terms and Conditions which can be accessed online at <http://www.mhits.com.au/terms-and-conditions.html> or by clicking the "mHITS Terms and Conditions" link located in the footer at the bottom of the page.

Before becoming a member of mHITS and being entitled to use the mHITS Service you will need to read, agree with and accept all of the terms contained in the mHITS Terms and Conditions and all of the policies incorporated in the mHITS Terms and Conditions.

7. Making and Receiving Payments and checking your balance

a. Making purchases and transferring funds to another user

mHITS customers can only fund mHITS purchases or funds transfers to other users from an existing balance in their mHITS account. In some instances there may be a charge for particular types of transactions and purchases made. In these instances these charges will be clearly noted on all advertising and promotional material. In the event you have insufficient funds for a payment, you will be notified by SMS.

b. Receiving Payments

Australian customers will only receive a positive balance in their account when they:

1. receive funds from another mHITS user,
2. transfer funds from another Australian bank account clearly noting their mHITS account number (attached mobile phone number) or
3. credit funds from another approved method

c. Withdrawing money from your mHITS account.

In order to withdraw money from your mHITS account to your local bank account in Australia you will need to register your local bank account with mHITS. This can be done online by providing your account details or in the "Banking Details" option when logged into the mHITS site.

You should note that mHITS may charge you a fee for withdrawing money into your local bank account. The fee may vary depending upon the amount of the withdrawal. All fees and charges are listed on the mHITS website.

d. Balance enquiry

You will be given your balance every time you authorise a transaction. Also, you can request your current balance at any time by sending an SMS to 0428 696 448 containing the word "Balance".

Your account balance is available on-line for free by logging in to your account on the mHITS website.

8. Opening a mHITS Account

In order to sign up for the mHITS Service you will need to access mHITS's web page at <http://www.mhits.com.au>, click on the Sign Up link and fill in all of the details in the online application form including your name and contact details. In order to sign up for a mHITS account you will need to have an active Australian registered mobile phone and a valid email address.

Your mHITS account will become active as soon as you have validly completed the sign-up process, provided a password and correctly entered the activation code. Once you have signed up for the mHITS Service your account will be subject to certain spending or withdrawal limits including a maximum \$100 expenditure and / or withdrawal limit per day. For more information refer to the mHITS Terms and Conditions, which is available online at <http://www.mhits.com.au/terms-and-conditions.html>

9. mHITS security

Every time you initiate a purchase or transfer funds, you will receive an SMS notification of the result of the transaction. If you receive an SMS and you have not initiated a purchase request, please note the details of the SMS message and call our customer service immediately on 02 6223 2023.

When you log onto the mHITs website, your mobile phone number is your username. The mHITs website is 128 bit encrypted. When you register, we will send an SMS to your mobile phone containing an activation code. You will need to enter this activation code during the registration process.

mHITs will never send you an email or phone you from any other number requesting your password. Should you receive any such request, please note the details of the email and phone our customer service immediately on 02 6223 2023.

Changing your password. You can change your password at any time by logging into the mHITs website at <http://www.mhits.com.au> and clicking on the "Edit Details" link. It is your responsibility to ensure your password remains secure.

10. Benefits

Set out below are some of the key benefits of using the mHITs Service to send and receive payments.

- The mHITs Service allows users to send a payment to anyone with an Australian mobile phone. If the recipient is not a mHITs user, we will still send them an SMS advising them of the payment and hold the funds on their behalf until they register for the mHITs Service. We will ask them to register with mHITs to access these funds.
- mHITs user do not require a credit card in order to use the mHITs service
- mHITs allows users to make purchases of selected goods and services via their mobile phone.
- There is no account setup fee when establishing a new mHITs account
- There may be monthly account keeping fees for a mHITs account depending upon the particular options selected.
- mHITs has anti-fraud measures in place to help protect its users against fraud and unauthorised use of their accounts.

11. Risks

Unauthorised transactions: There is a risk of being subject to unauthorised transactions by third parties.

- User liability for unauthorised transactions: If you do not report an unauthorised transaction to mHITs within 30 days, you may be liable for the transaction. If you do report the transaction within 30 days, mHITs will cover your losses except in instances where your password has successfully been used to authenticate a transaction.
- Payment Reversals: If you use mHITs to receive payments, your payment may be subject to reversal if the sender of the payment files a chargeback or files a Buyer Complaint against you with mHITs and you are not able to refute the Buyer Complaint.
- Fraud: In paying for items online or via SMS, there is always a risk of being subject to the fraud of the vendor. Although mHITs has systems in place to prevent and detect fraud quickly, mHITs is not able to prevent all vendor fraud.
- Freezing or closing of account: In certain circumstances, mHITs may limit a user's ability to send money or make withdrawals from an account pending an investigation of the account. This may occur for a variety of reasons including 3 incorrect password attempts, suspected fraud, sudden changes in the amount or number of transactions by the user, irregular patterns of usage, abuse of the mHITs Service by the account holder, or a breach of the mHITs Terms and Conditions. In some circumstances mHITs may limit an account pending further information from the account holder. Where a user's account has been limited by mHITs in accordance with the mHITs Terms and Conditions, mHITs will attempt to resolve the issue and, if the issue is resolved, will remove any restriction on the account promptly. However, users should be aware that the removal of a restriction on an account may take time and during this time the user may not be able to use their account to send, receive or withdraw funds.
- Unavailability of the mHITs Service: While mHITs makes every attempt to ensure that its service is available to users at all times it is possible that the service may be temporarily unavailable to some or all users from time to time. This may be caused by factors external to mHITs, such as general internet connection issues, as well as by mHITs' system issues and outages associated with the Australian Mobile Phone Network.

12. Fees and Charges

Fees may be charged for selected services. A full schedule of fees is published on the mHITs website at <http://www.mhits.com.au>.

mHITs reserves the right to make changes to the fee schedule from time to time. Changes will be published on the mHITs website.

Fees may apply to the following categories:

Account keeping fees (Monthly charges)
Account setup fees
Balance enquiries
Deposit funds from a bank account
Deposit funds from a credit card
Deposit funds via BPAY
Deposit notifications
Failed transaction fees
Purchases
Transfer of funds between mHITs users

Withdraw funds
Withdraw funds to an Australian bank account
BPAY withdraws and payment

Note – charges may be applied to the mobile phone account for the sending of SMS messages.

13. Limits on sending and receiving payments

mHITS places limits on the amount a user can send, receive and withdraw. This is to help protect the integrity of mHITS' payments system, protect you the user and to comply with Australian Commonwealth law.

Maximum amount per purchase or transfer

The maximum dollar amount for all transactions in one day is \$100 for a mHITS user.

Withdrawal limits

mHITS also places limits on the amount you can withdraw to your local bank account. This is set at \$1,000 per day.

Minimum Withdrawal amount

mHITS also places limits on the minimum amount you can withdraw to your local bank account. This is set at \$20.00.

Maximum mHITS balance

The maximum amount of money you can hold in your account at any one time is \$1,000.

14. Dispute Resolution

mHITS is committed to dealing with customer complaints fairly and resolving issues in a timely manner in accordance with its procedures for the handling of complaints.

Complaints will be dealt with primarily by mHITS' Customer Service Centre in Canberra – phone 02 6223 2023.

15. Receipt and handling of complaints including transactions, fees and delivery of items.

If you have a complaint about a transaction, a fee or delivery of an item, you should consider filing a claim via Email to mHITS – disputes@mhits.com.au. If you have a complaint about the mHITS Service you should contact us immediately. You can report complaints in any one of the following ways:

- Email: You can lodge complaints by submitting an email directly from mHITS' website. This form can be accessed by clicking the "Contact Us" link
- Telephone on 02 6223 2023. Hours of operation for Australian users are Monday to Friday 9:00 am – 5:00 pm AEST.
- Mail: By mail to mHITS Canberra Technology Park, 49 Phillip Avenue WATSON ACT 2602

16. How to handle your complaints

mHITS' policy is to respond to all complaints from Australian users within 5 business days to advise them of the receipt of their complaint and mHITS' proposed resolution.

Although every effort is made to do so, in some instances it will not be possible to resolve your complaint within this time frame.

We endeavour to resolve all complaints within a maximum time frame of 45 business days. This may not be possible in circumstances where we require further time to conduct our investigation, for example, where information is being sought from a relevant credit card issuer. In instances where we cannot resolve a customer's complaint within 5 business days we will send the customer an email notifying them of the delay and the reason for the delay as well as an indication of when we expect to be able to respond.

If a complaint relates to the limiting of an account we will request the necessary verification details from the customer, and where appropriate, lift the limitation the account as quickly as possible.

17. Referral of unresolved complaints to External Dispute Resolution scheme

The Banking and Financial Services Ombudsman is an independent external dispute resolution scheme covering mHITS' Australian Customers. For more information on the Banking and Financial Services Ombudsman you can consult their website at <http://www.bfso.org.au>.

If you are not satisfied with mHITS' resolution or handling of your dispute you may wish to contact the Banking and Financial Services Ombudsman:

- Phone: 1300 780 808
- Mail:
Banking and Financial Services Ombudsman
GPO Box 3A
MELBOURNE VIC 3001
- Fax: (03) 9613 7345

18. Other Information Available

Additional information in respect of the mHITs Service is available on mHITs' website at <http://www.mhits.com.au>.

mHITs has prepared this PDS. ASIC takes no responsibility for the contents of this PDS.

mHITs Terms and Conditions available at <http://www.mhits.com.au/terms-and-conditions.html>

mHITs PDS available at <http://www.mhits.com.au/product-disclosure-statement.pdf>