

Netlinkz Limited

ACN 141 509 426

Prospectus

This Prospectus contains a conditional offer of up to 20,000,000 Convertible Notes each having a subscription price of A\$0.90 and a face value of A\$1.00 per Convertible Note, together with 7.5 Attaching Note Options per Convertible Note, with each Attaching Note Option entitling the holder to purchase one Share in the Company at an exercise price of A\$0.10.

This Prospectus also contains conditional offers of New Shares and Options and is also being issued in order to facilitate secondary trading of:

- the underlying Shares which may be issued upon the conversion of the Convertible Notes and Options being offered pursuant to this Prospectus; and
- additional Shares proposed to be separately issued by the Company as described in this Prospectus.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY IN CONJUNCTION WITH THE COMPANY'S ASX ANNOUNCEMENTS. THE SECURITIES OFFERED IN CONNECTION WITH THIS PROSPECTUS ARE OF A SPECULATIVE NATURE. IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER WITHOUT DELAY.



Eryn Dale

Joint Company Secretary
Netlinkz Limited
16 September 2020

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IMPORTANT INFORMATION

General

The Prospectus is dated 16 September 2020 and a copy of this Prospectus was lodged with ASIC on that date. ASIC and ASX do not take any responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates.

In preparing this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and their professional advisers. This Prospectus is a transaction specific prospectus for, among other offers, offers of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. Section 713 allows the issue of a more concise prospectus in relation to an offer of continuously quoted securities. This Prospectus does not include all information that would be included in a prospectus for an initial public offering.

Please refer to **Section 2** for further information. No New Shares, Options or Convertible Notes will be issued pursuant to this Prospectus later than 13 months after the date of this Prospectus.

The Company intends to apply to ASX for quotation of the New Shares pursuant to the Offers on the ASX within 7 days of the Prospectus Date.

Electronic Prospectus

A read-only version of the Prospectus is available on the Company's website at www.netlinkz.com/prospectus. Applications cannot be made online. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia. The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered electronic version of this Prospectus. By submitting an Application Form, you will be taken to have declared that all details and statements made by you are complete and accurate and you declare that you were given this Prospectus, together with the Application Form.

The Company will not accept a completed Application Form if it has reason to believe that the applicant has not received a complete and unaltered copy of the Prospectus. Any eligible applicant may obtain a hard copy of this Prospectus by contacting the Company prior to the Closing Date.

Risk factors

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs of any prospective investor. Before deciding to invest in the Company, potential investors should read the entire Prospectus. In considering the prospects for the Company, potential investors should consider the risk factors that could affect the performance of the Company. Non-exhaustive lists of risk factors are set out at **Sections 2.2** and **4**. Potential investors should carefully consider these factors in light of personal circumstances (including financial and taxation issues) and seek professional advice from a stockbroker, accountant or other independent financial adviser before deciding to invest. No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital by the Company or the payment of a return on the New Shares, Options or Convertible Notes, nor Shares to be issued upon conversion of the Convertible Notes or Options, to be issued pursuant to the Offers.

Publicly available information

Information about the Company is publicly available and can be obtained from ASIC and ASX (including ASX's website www.asx.com.au). The contents of any website or ASIC or ASX filing by the Company are not incorporated into this Prospectus and do not constitute part of the Offers. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest in New Shares, Convertible Notes or Options or the Company.

No person is authorised to give any information or to make any representation in relation to the Offers which is not contained in this Prospectus

and any such information may not be relied upon as having been authorised by the Directors.

Offer restrictions

The Offers are not made to persons or in places to which, or in which, it would not be lawful to make such an offer of New Shares, Options or Convertible Notes. No action has been taken to register the Offers or otherwise permit the Offers to be made in any jurisdiction outside Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law in those jurisdictions and therefore persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws.

The securities the subject of the Offers have not been, and will not be, registered under the US Securities Act of 1933, as amended (**US Securities Act**) or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States unless they are registered under the US Securities Act or are offered and sold in transactions exempt from, or not subject to the registration requirements of the US Securities Act and any applicable US state securities laws.

Japan

The Options to be offered pursuant to the Tanaka Offer (as defined in **Section 2.1(c)**) and the Shares which may be issued upon their exercise have not been, and will not be, registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to a small number of investors. This document is confidential to the person to whom it is addressed and must not be distributed, reproduced or disclosed (in whole or in part) to any other person in Japan other than by the Company to its shareholders or persons associated with the Company.

Exposure Period

The Corporations Act prohibits the Company from processing Application Forms under the Note Offer in the seven-day period after the date of lodgement of the Prospectus with ASIC (**Exposure Period**). This period may be extended by ASIC for a further period of up to seven days. The purpose of the Exposure Period is to enable this Prospectus to be examined by

ASIC and market participants prior to the raising of funds under the Note Offer. The examination of the Prospectus may result in the identification of deficiencies in it and, in those circumstances, any applications that have been received pursuant to the Note Offer may need to be dealt with in accordance with section 724 of the Corporations Act (which may involve providing investors in the Note Offer with withdrawal rights). This Prospectus will be made available during the Exposure Period, by being posted on the ASX website and on the following website: www.netlinkz.com/prospectus. Applications for Convertible Notes received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on any Application Forms received during the Exposure Period.

Forward-looking Statements

This Prospectus contains forward-looking statements which may be identified by words such as 'believes', 'estimates', 'expects', 'intends', 'may', 'will', 'would', 'could', or 'should' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management of the Company. Key risks associated with an investment in the Company are detailed in **Sections 2.2** and **4**. These and other factors could cause actual results to differ materially from those expressed in any forward-looking statements.

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

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

Statements of past performance

This Prospectus includes information regarding the past performance of the Company. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

No cooling off rights

Cooling off rights do not apply to an investment in securities offered under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application Form.

Website

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

Rounding

Any discrepancies between totals and sums and components in tables contained in this Prospectus are due to rounding.

Interpretation

A number of terms and abbreviations used in this Prospectus have defined meanings which are set out in **Section 7**.

All references in this Prospectus to **\$, \$A, AUD, dollars** or **cents** are references to Australian currency, unless otherwise stated.

All references to time in this Prospectus relate to the time in Sydney, Australia.

CORPORATE DIRECTORY

Directors

James Tsiolis (Executive Chairman & CEO)
Hualin Zhang (Executive Director)
Bruce Rathie (Non-executive Director)
Dr Geoff Raby AO (Non-executive Director)
James Stickland (Non-executive Director)

Company Secretary

Erlyn Dale
Winton Willesee

Registered Office

Suite 11
50 Stanley Street
Darlinghurst NSW 2010

Share Registry

Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067
Australia

Auditor (for information purposes only)

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

ASX Code

NET

Website

www.Netlinkz.com

1. INDICATIVE TIMETABLE

Event	Date
Lodgement of this Prospectus with ASIC and ASX	16 September 2020
Exposure Period	16 September 2020 until 23 September 2020 (unless extended by seven days)
General Meeting of the Company at which Shareholder approval will be sought to issue securities pursuant to the Offers	17 September 2020
Opening Date	9:00am (Sydney time) on 24 September 2020
Closing Date	5.00pm (Sydney time) on 2 October 2020
Issue of securities under the Offers	Progressively up to 3 October 2020

The above dates are indicative only and may be subject to change. The Directors reserve the right to vary these dates, including the Closing Date, without prior notice but subject to any applicable requirements of the Corporations Act or the ASX Listing Rules. This may include closing one or more of the Offers early, extending any of the Offers or accepting late acceptances, either generally or in particular cases. Further, certain Offers may open and close earlier (with consequential earlier issue dates), for example the Systemic Offer described in **Section 2.1** below, which opens on 17 September 2020. In addition the Directors may withdraw any of the Offers at any time and may determine not to issue part or all of the securities pursuant to the Offers. No cooling-off rights apply to Application Forms submitted under the Offers. The commencement of quotation of the Shares to be offered under this Prospectus (being the Shares to be offered pursuant to the Systemic Offer and the Helicopter Offer described in **Section 2.1** below (together the **New Shares**)) is subject to confirmation from ASX.

2. SUMMARY OF THE OFFERS AND KEY RISKS

2.1 Offers Descriptions

The Company makes the following offers under this Prospectus (together the **Offers**):

- (a) **Note Offer:** Conditional upon Shareholders approving resolution 23 at the Company's general meeting scheduled for 17 September 2020 (**EGM**), offers of:
- (i) up to 20,000,000 convertible notes at a subscription price of \$0.90 per convertible note with the rights and liabilities contained in **Annexure A** of this Prospectus (**Convertible Notes**); and
 - (ii) 7.5 free attaching Options per Convertible Note (with fractional entitlements rounded down to the next lowest whole number of Options) with the Options carrying the rights and liabilities set out in **Section 5.6 (Attaching Note Options)**,

to investors invited by the Company to raise up to \$18,000,000 (before costs and before deduction of interest as described below) (together the offer of Convertible Notes and Attaching Note Options comprise the **Note Offer**).

The subscription price for the Convertible Notes is a 10% discount to the face value of the Convertible Notes (the face value is \$1.00 per Convertible Note). The face value is the principal to be owed by the Company to the holders of Convertible Notes following their issue.

As described in Annexure A, each Convertible Note incurs interest at 9% of the \$1.00 face value (being \$0.09 over the 12 month life of the Convertible Note), which interest:

- (i) accrues on the date when the Convertible Note is issued; and
- (ii) is deemed to have been paid in full by way of set-off, as a deduction from the subscription price for the Convertible Note.

Consequently, after deduction of the interest, the maximum amount to be raised by the Company from the issue of the Convertible Notes is \$16,200,000 (being \$0.81 per Convertible Note).

Each Convertible Note has a conversion price of A\$0.10 per Share, meaning that each Convertible Note is convertible into ten Shares (based on the \$1.00 face value per Convertible Note), subject to the terms and conditions of the Convertible Notes set out in **Annexure A** (including any adjustments under those terms and conditions). In aggregate, the combined face value of the 20,000,000 Convertible Notes which may be issued pursuant to the Note Offer may convert into up to 200,000,000 Shares (subject to any such adjustments).

Each Attaching Note Option proposed to be issued with the Convertible Notes will be issued for nil cash consideration, will have an exercise price of \$0.10, will be immediately exercisable into one Share following payment of that exercise price and will expire on the date which is 2 years after the date of its grant.

Subject to receipt of Shareholder approval at the EGM for the issue of Convertible Notes and Attaching Note Options under the Note Offer and subject to receipt of the relevant Application Forms from investors acceptable to the Company (at the Board's discretion) for the Note Offer and the terms of the Note Offer in this Prospectus, up to 20,000,000 Convertible Notes together with up to 150,000,000 Attaching Note Options may be issued within 3 months of Shareholder approval being obtained by the Company at the EGM.

The Note Offer will only be made available to select investors invited by the Company (which may include one or more of EverBlu (which acts as the Company's corporate adviser and lead manager in relation to the Note Offer), its directors, clients, related entities, shareholders, principals, employees, consultants and associates (and their respective associates).

Refer to **Annexure A** and **Section 3** for further information in relation to the Convertible Notes terms (and particularly refer to the proposal for applicants for Convertible Notes to waive the Early Repayment Election as described in **Sections 2.2(c)** and **3.11**).

- (b) **BJS Offer:** Conditional upon Shareholders approving resolution 19 at the EGM, an offer of 5,000,000 Options with the rights and liabilities contained in **Section 5.7** to

BJS Robb Pty Ltd (**BJS**) (or its nominee) as part consideration for corporate and strategic advice services provided by BJS to the Company over a two year period commencing June 2017 (**BJS Offer**).

Each unlisted Option which is proposed to be issued to BJS will be issued for nil cash consideration, will have an exercise price of \$0.06, will be immediately exercisable into one Share following payment of that exercise price and will expire on the date which is 2 years after the date of its grant.

Subject to receipt of Shareholder approval at the EGM for the issue of the unlisted Options, and subject to receipt of the relevant Application Form for the Options, the Board's discretion and the terms of the BJS Offer in this Prospectus, pursuant to the BJS Offer the 5,000,000 unlisted Options will be issued to BJS (or its nominee) within 3 months of Shareholder approval being obtained by the Company at the EGM.

- (c) **Tanaka Offer:** Conditional upon Shareholders approving resolution 20 at the EGM, an offer of 2,500,000 Options to Masamichi Tanaka (Netlinkz Japan K.K., CEO, **Tanaka**) with the rights and liabilities contained in **Section 5.8** as part consideration for Masamichi Tanaka serving on the Company's board of advisers (**Tanaka Offer**).

Each unlisted Option which is proposed to be issued to Tanaka will be issued for nil cash consideration, will have an exercise price of \$0.16, will be immediately exercisable into one Share following payment of that exercise price and will expire on the date which is three years after the date of its grant.

Subject to receipt of Shareholder approval at the EGM for the issue of the unlisted Options pursuant to the Tanaka Offer and subject to receipt of the relevant Application Form for the Options, the Board's discretion and the terms of the Tanaka Offer in this Prospectus, the 2,500,000 unlisted Options will be issued to Tanaka within 3 months of Shareholder approval being obtained by the Company.

- (d) **Systemic Offer:** Conditional upon Shareholders approving resolution 18 at the EGM, 15,000,000 Shares to Systemic Pty Ltd (**Systemic**) in part settlement of certain disputes which arose between the Company and Systemic in respect of the software development agreement entered into between the Company and Systemic on 15 April 2018 (**Systemic Offer**). In relation to the Systemic Offer:
- (i) the Shares to be issued pursuant to the Systemic Offer will be issued for nil cash consideration and will rank equally with the Company's existing Shares with effect from their date of issue;
 - (ii) no funds will be raised from the issue of the Shares pursuant to the Systemic Offer and they will not be offered to the public;
 - (iii) subject to Shareholder approval being received at the EGM for the issue of the 15,000,000 Shares, and subject to receipt of the relevant Application Form for those Shares, the Board's discretion and the terms of the Systemic Offer in this Prospectus, it is proposed that those Shares be issued within three days of receipt of that approval and in any event within 3 months of Shareholder approval being obtained by the Company; and
 - (iv) if Shareholder approval is not received for the issue of the 15,000,000 Shares, the Company will be required to negotiate in good faith with Systemic to provide cash consideration equivalent to the value of those Shares.

- (e) **Helicopter Offer:** Conditional upon Shareholders approving resolution 21 at the EGM, 868,659 Shares to Helicopter Creative Pty Ltd (**Helicopter**) as part of the consideration owing by the Company for services provided to it by Helicopter (**Helicopter Offer**). In relation to the Helicopter Offer:
- (i) the Shares to be issued pursuant to the Helicopter Offer will be issued for nil cash consideration and will rank equally with the Company's existing Shares with effect from their date of issue;
 - (ii) no funds will be raised from the issue of the Shares pursuant to the Helicopter Offer and they will not be offered to the public;
 - (iii) subject to Shareholder approval being received for the issue of the 868,659 Shares at the EGM, and subject to receipt of the relevant Application Form for those Shares, the Board's discretion and the terms of the Helicopter Offer in this Prospectus, it is proposed that those Shares be issued within 3 months of Shareholder approval being obtained by the Company; and
 - (iv) the 868,659 Shares are proposed to be issued as consideration for \$50,000 worth of services provided by Helicopter to the Company.

The relevant condition of Shareholder approval at the EGM is a condition precedent to completion of the relevant Offer it relates to. Failure to satisfy the relevant condition of Shareholder approval at the EGM will result in the relevant Offer not being completed and the securities the subject of that Offer not being issued. For the avoidance of doubt, each Offer is only conditional upon the receipt of the relevant Shareholder approval at the EGM relating to that Offer, and is not conditional upon receipt of Shareholder approval for any of the other Offers. Each Offer is not inter-conditional on the other Offers.

Refer to **Section 3** for further information regarding the details, purpose and effect of the Offers. However, no assurance or forecast is made as to whether any of those purposes or effects will be achieved.

2.2 Key Specific risks

As with any securities investment, there are risks associated with an investment in the Company. The numerous risk factors are both of a specific and a general nature. Some can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. This **Section 2.2** and **Section 4** identify the major areas of risk associated with an investment in the Company, but should not be taken as an exhaustive list of the risk factors to which the Company and its Shareholders and holders of Options and Convertible Notes will be exposed. Potential investors should read the entire Prospectus and the Company's ASX announcements and consult their professional advisor before deciding whether to apply for securities the subject of the Offers.

(a) Business activities in China

The Company undertakes business activities in China through its wholly-owned subsidiary AoFa Software Engineering (Shanghai) Co., Ltd (**AOFA**), which is a registered Wholly Foreign Owned Entity in Shanghai. AOFA is authorised to distribute and develop software products in China. AOFA also holds 80% of the issued capital of Beijing iLinkAll Science and Technology Co. Ltd. (**iLinkAll**) with Beijing Ruan Tong Yun Jian Technology Service Co., Ltd, a limited liability company established under the laws of China (an **iSoftStone Entity**) holding the

remaining 20%. iLinkAll develops and sells software and hardware products to the Chinese market. The Company derived 100% of its revenue from China in FY2019 and 76.2% in FY2020, respectively.

Any payment to the Company and its Chinese incorporated subsidiaries in connection with the distribution or sale of its products in China carries with it political and currency risks, as detailed in **Sections 2.2(t) and (y)** below.

Timing delays on cross-border transfer of payments and information, in addition to translation differences and mismatches in accounting and tax regimes may also negatively impact the Company's business.

There is also a risk to the Company, including its subsidiaries, that any unpaid payments from sales of Netlinkz products in China as well as the enforcement of the Company's patents would necessarily need to be pursued through the Chinese court system and there can be no guarantee that the enforcement of such action would be sufficient to protect the Company and its subsidiaries' interests.

If any of the above risks were to eventuate, they may negatively affect the operating and financial performance of the Company and its business activities.

(b) Revenues and profitability risks

The Company is cash-flow negative from operating activities and has not been profitable and there is a risk it may continue to not be profitable in future. The Company may also fail to generate revenues in the future. Further, the Company may fail to adequately promote and market its business.

(c) Additional requirements for capital and funding arrangements

The Company anticipates that it will likely require further capital raising in the short term, including if the Note Offer is not successful or if needed to repay the principal of Convertible Notes if they are redeemed in accordance with their terms set out in Annexure A (ie to the extent Convertible Notes are not instead converted into Shares in accordance with those terms). The terms provide for the possibility of the Company having to (at the election of each holder of Convertible Notes (**Early Repayment Election**)) pay to the holder in cash the face value of one or more of the Convertible Notes by as early as 8 December 2020 (rather than after the later maturity date of 12 months after the issue of the Convertible Notes).

There is a risk that the Company may not be able to fulfil such a payment obligation. In order to mitigate this risk, the Application Form for Convertible Notes includes the option for each applicant to irrevocably waive its right to make an Early Repayment Election, meaning that the earliest date by which repayment of their Convertible Notes would be due would be 12 months and five Business Days after the issue of the Convertible Notes. Ticking the box on the Application Form to waive the Early Repayment Election would not prevent the Convertible Notes holders from converting their Convertible Notes into Shares upon the issue of the Convertible Notes and until the Maturity Date in accordance with the terms set out in Annexure A. The Directors are more likely to accept Application Forms for Convertible Notes where the Early Repayment Election has been waived by the applicant ticking the relevant box on the Application Form.

If further capital raising is required the Company may look to (without limitation) raise additional debt, undertake a share issuance within its placement capacity and/or conduct a further issuance of shares subject to Shareholder approval.

The Company's ability to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions or other business opportunities, to meet short term payment obligations and to meet any unanticipated liabilities or expenses which the Company may incur will depend in part on its ability to raise additional funds.

The Company's operations have been funded through a combination of equity and debt. The debt comprises straight debt and convertible note structures of varying duration including short term (refer to **Section 3.9** for information regarding the Company existing and pro forma capital structure, including showing the effect of the Offers). Debt is non-dilutive to Shareholders but increases the financial risk to the Company, with short term debt requiring repayment or refinancing going forward.

Pursuant to the Note Offer, the Company proposes to seek to secure funding by way of the issue of up to 20,000,000 Convertible Notes (having an aggregate face value of up to \$20,000,000) and up to 150,000,000 free Attaching Note Options, the issues of which are conditional on the approval of Shareholders which the Company will seek at its upcoming EGM. Should the Company fail to receive Shareholder approval for the issue of the Convertible Notes and Attaching Note Options or not be able to secure subscriptions from investors for the Convertible Notes, or fail to raise further funds to repay any redemption of the Convertible Notes when due, this will impact the Company's ability to meet its short term payment obligations.

The Company may seek to raise further funds through equity or debt financing, joint ventures or other means. Market conditions which are then generally prevailing will impact on the price or cost at which the Company will be able to raise such funds and no assurance can be given that such funding will be available on terms acceptable to the Company, or at all. Failure to obtain sufficient financing for the Company's activities may result in delay and indefinite postponement of the Company's business or insolvency. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its activities, divest core and/or non-core assets, or become insolvent. Any inability to obtain additional financing, if required, would have a material adverse effect on the Company's business, its financial condition and performance and its ability to continue as a going concern.

(d) **Compliance with debt arrangements**

The Company borrowed funds from various parties, including (among others) Lind and CST under the SPCSA's (which are proposed to be terminated via the Termination Deeds referred to in **Sections 3.1** and **3.2** below, which require certain cash payments and Share issues to Lind and CST pursuant to those Termination Deeds).

A key purpose of the Note Offer is for the Company to raise the cash required to pay the \$4,600,000 payable on or before 28 September 2020 under the Termination Deeds (among other purposes) as described at **Section 3.2(a)(ii)** below.

The failure of the Company to obtain the requisite Shareholder approvals at the EGM to issue the Shares to Lind and CST and to issue the Convertible Notes to

raise the funds required to pay (by 28 September 2020) Lind and CST in accordance with the Termination Deeds, could lead to contractual defaults and amounts outstanding under the SPCSAs (and other Company obligations) becoming immediately repayable and other adverse impacts, without limitation under the SPCSAs and the Termination Deeds. This would give rise to risks of Lind and/or CST (who are secured lenders to the Company) enforcing their security over the assets and undertaking of the Company or taking other legal actions against the Company.

Further, as with any company with borrowings, there is no guarantee that the Company will be able to meet its other debt repayment obligations, including pursuant to the Convertible Notes.

However, the Directors have considered there are reasonable grounds to believe that the Company and the Group will continue as a going concern, after consideration of the following factors:

- (i) The Company is starting to demonstrate significant revenue growth (+846% in FY2020 (unaudited) versus FY2019).
- (ii) Whilst the Group is cash flow negative from operating activities, the SSI Pacific Pty Ltd acquisition (\$10.6 million in January 2020) generated positive operating cash flows in FY2020 (unaudited).
- (iii) The Company has capacity to draw down against its facility with Akuna Finance Pty Limited up to a limit of \$5.0 million. \$0.8 million is currently drawn under the facility, leaving \$4.2 million available.
- (iv) There are 116,296,658 unlisted Options on issue, the exercise of which may provide additional funding to the Company (although no forecast is made of whether any Options will be exercised into Shares).
- (v) Subject to shareholder approval, or its available issue capacity pursuant to ASX Listing Rule 7.1, the Company has the ability to issue additional equity securities under the Corporations Act to raise further working capital and has a track record for being able to do so in the past, as evidenced by the two recent successful equity placements (\$4.0 million in December 2019 and \$4.5 million in February 2020) completed during FY2020.
- (vi) The business is capable of raising additional debt financing against its assets.

(e) **Fluctuations of market prices for Shares**

In relation to the New Shares, CST Shares, Lind Shares and EverBlu Shares (as described in **Sections 2 and 3**) and any Shares which may be issued if Convertible Notes are converted into Shares or Options are exercised for Shares, all such Shares may be sold on ASX (provided the Company is admitted to trading on ASX at that time and ASX approves their quotation). Being listed Shares, the price at which Shares may be bought or sold in the market will fluctuate over time. Fluctuations in prices have the potential to be large or small and such fluctuations may occur either slowly or rapidly. There is no certainty that the market price of the Company's Shares will be higher than the price paid to acquire such Shares, and accordingly in some circumstances the price at which the Shares may be sold may be lower than the price paid.

The market price at which Shares may be bought or sold depends on a broad range and combination of influences including, but not limited to:

- (i) supply and demand for Shares;
- (ii) the availability of alternative investments and the investment yields, security of, and comparative valuation of those alternative investments; and/or
- (iii) economic conditions in Australia or internationally, access to funding either in Australia or internationally, investor perceptions of the Company and its securities including the expected future value of the Company.

(f) **Potential for dilution**

Shares issued on conversion of a Convertible Note or exercise of an Option (and the issue of further Shares described in this **Section 2** and in **Section 3**) will cause the Company's existing Shares on issue to represent a lower proportion of the ownership of the Company following the conversion and/or exercise. It is not possible to predict the value of the Company or of a Share in future, and the Directors do not make any representation as to such matters. In addition, if Shares are issued on conversion of a Convertible Note or on exercise of an Option (and if the issues of further Shares described in this **Section 2** and in **Section 3** occur), the composition of the Company's substantial Shareholders may change, depending on the number of Shares issued and the other substantial Shareholders' shareholdings at that date. The issue of:

- (i) 200,000,000 Shares (subject to any adjustments applicable under **Annexure A**) which would be issued on the full conversion of the Convertible Notes;¹
- (ii) 150,000,000 Shares (subject to any adjustments applicable under **Section 5.6**) which would be issued on the full conversion of the Attaching Note Options;¹
- (iii) 5,000,000 Shares (subject to any adjustments applicable under **Section 5.7**) which would be issued on the full conversion of the Options to be issued under the BJS Offer;
- (iv) 2,500,000 Shares (subject to any adjustments applicable under **Section 5.8**) which would be issued on the full conversion of the Options to be issued under the Tanaka Offer; and
- (v) 18,620,690 EverBlu Shares;
- (vi) 10,000,000 Lind Shares;
- (vii) 10,000,000 CST Shares; and
- (viii) 15,868,659 New Shares,

as described in **Section 3.9** would, together, result in the holders of those securities acquiring approximately 16.34% of the Company's Shares (excluding

¹ Assuming the maximum subscription of 20 million Convertible Notes are issued. The Company may raise less than that number.

the conversion of other Options and the issue of further Shares and other securities, which the Company reserves the right to conduct in the future).

(g) Events of Default and contractual prohibitions

The Convertible Notes contain a number of events of default. The occurrence of an event of default may allow the holders of Convertible Notes to accelerate payment by the Company of the face value on the Convertible Notes. Events of default also apply in relation to other contractual obligations of the Company, including in relation to its borrowings.

In the event that the Noteholders accelerate the repayment of the face value on the Convertible Notes (or if similar events happen in relation to the Company's other contractual obligations), the Company may be unable to pay that amount. The failure to pay any amounts when due under the Convertible Notes (or other contractual obligations) could subject the Company to insolvency or bankruptcy proceedings.

There is also a general risk of the Company or other entities in the Group breaching their contractual obligations, with consequential adverse impacts to the Group.

(h) No trading market for the Convertible Notes or the Options

There is no existing market for the Convertible Notes or the Options. The Convertible Notes and the Options will not be listed on any securities exchange (and are generally not freely transferable).

(i) New business opportunities and acquisitions

The Company has to date and will continue to actively pursue and assess other new business opportunities. The Company cannot confirm the structure or proposed form of any potential business opportunity.

The acquisition of a business or asset may require the payment of monies (as a deposit) after only limited due diligence and prior to the completion of comprehensive due diligence. There can be no guarantee that any proposed acquisition will be completed or successful. If the proposed acquisition is not completed, monies already advanced may not be recoverable, which may have a material adverse effect on the Company.

If an acquisition is completed, the Directors will need to reassess, at that time, the funding allocated to current activities and the new business and/or assets, which may result in the Company reallocating funds from its existing activities and/or the raising of additional capital (if available). Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, the usual risks associated with the new business activities will remain.

Any new asset or business acquisition may change the risk profile of the Company, particularly if the new asset or business is located or operates in another jurisdiction and/or changes the Company's capital/funding requirements. Should the Company propose or complete the acquisition of a new asset or business activity, investors should re-assess their investment in the Company in light of the new asset/business activity.

(j) **Competition and new technologies**

The Company believes that the industry in which it is involved is subject to increasing domestic and global competition which is fast-paced and fast-changing. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose activities or actions may positively, or negatively affect the operating and financial performance of the Company's projects and business. For instance, new technologies could overtake the advancements made by the Company's products. In that case, the Company's revenues could be adversely affected.

(k) **Special reputational risks**

The Company operates in an online and fast-changing environment. Negative publicity can spread quickly, whether true or false. Disgruntled customers posting negative comments about the Company in public forums may have a disproportionate effect on the Company's reputation and its ability to earn revenues. Additionally, complaints by such users can lead to additional regulatory scrutiny and a consequential increased compliance burden in responding to regulatory inquiries. This could negatively impact on the Company's financial performance and financial position.

(l) **Data loss, theft or corruption**

The Company provides its services through online and on-premise deployments. Hacking or exploitation of some unidentified vulnerability of the Company's services could lead to a loss, theft or corruption of data. This could render the Company's services unavailable for a period of time while systems and data are restored. It could also lead to unauthorised disclosure of users' data with associated reputational damage, claims by users, regulatory scrutiny and fines. Although the Company has strategies and protections in place to try to minimise security breaches and to protect data, these strategies might not be successful. In that event, disruption to the Company's services and unauthorised disclosure of user data could negatively impact on the Company's financial performance and financial position.

(m) **Hacker attacks**

The Company relies on the availability of its website and other digital infrastructure and products to provide services to customers and attract new customers. Hackers could render the website and/or other digital infrastructure and products unavailable through a disrupted denial of service or other disruptive attacks.

Although the Company has strategies in place to minimise such attacks, these strategies may not be successful. Unavailability of the website and/or other digital infrastructure and products could lead to a loss of revenues while the Company is unable to provide its services. Further, it could hinder the Company's abilities to retain existing customers or attract new customers, which would have a material adverse impact on the Company's financial performance and financial position.

There are also risks of the Company becoming exposed to legal action and financial loss as a result of hacking and of the Company breaching relevant laws and regulations (such as relating to privacy).

(n) **Domain name risk**

To some extent, the Company's business depends on customers being attracted to its website. The Company has registered a domain name in Australia for the purposes of its website. However, should the Company not renew or otherwise lose control of its domain name, it would lose all website traffic direct to that domain. This would adversely affect the Company's revenue.

(o) **Customer service risk**

Customers may need to engage with the Company's customer service personnel in certain circumstances, such as if they have a question about the services or if there is a dispute between a customer and the Company. The Company needs to recruit and retain staff with interpersonal skills sufficient to respond appropriately to customer services requests. Poor customer service experiences may result in the loss of customers. If the Company loses key customer service personnel, fails to provide adequate training and resources for customer service personnel, or if the computer systems relied on by customer service personnel are disrupted by technological failures, this could lead to adverse publicity, litigation, regulatory inquiries and/or a decrease in customers, all of which may negatively impact on the Company's financial performance and financial position.

(p) **Development in key growth areas**

The Company has been investing and expects to continue to invest in key growth areas as well as maintaining leadership in Peer-to-Peer (P2P) technology, mobile containerization, software defined networking, cyber security and cloud.

If the Company does not achieve the benefits anticipated from these investments (including if its selection of areas for investment does not play out as expected), or if the achievement of these benefits is delayed, the Company's operating results and financial condition may be adversely affected.

If the return on these investments is lower or develops more slowly than the Company expects, its operating results and financial condition may be harmed.

(q) **Cloud Service Provider Market**

In the Company's experience, sales to the Cloud Service Provider market are especially volatile and often characterized by sporadic purchases. Based on the Company's experience, Cloud Service Provider customers typically have longer implementation cycles, require a broader range of services including design services, demand vendors take on a larger share of risks, often require acceptance provisions that can lead to a delay in revenue recognition, and often expect some form of financing from vendors. Based on the Company's experience, sales activity in this industry depends upon the stage of completion of expanding network infrastructures, the availability of funding, and the extent to which service providers are affected by regulatory, economic, and business conditions in the country of operations. All these factors and others can add further risk to business conducted with Cloud Service Providers and weakness in sales orders from this industry could have a material adverse effect on the Company's business, operating results and financial condition.

(r) **Distribution**

Disruption of, or changes in, the Company's distribution model could harm the Company's sales and margins. If the Company fails to manage distribution of its products and services properly, or if the Company's distributors' financial condition or operations weaken, the Company's revenue and gross margins could be adversely affected.

A portion of the Company's products and services are sold through its channel partners. The Company's channel partners include systems integrators, service providers, original equipment manufacturers, other resellers and distributors.

Some factors which could result in disruption of, or changes in, the Company's distribution model, which could harm the Company's sales and margins, include the following:

- (i) the Company competes with some of its channel partners, including through direct sales, which may lead these channel partners to use other suppliers that do not directly sell their own products or otherwise compete with them;
- (ii) some of the Company's channel partners may demand that the Company absorb a greater share of the risks their customers may ask them to bear;
- (iii) some of the Company's channel partners may have insufficient financial resources and may not be able to withstand changes and challenges in business conditions; and
- (iv) revenue from indirect sales could suffer if the Company's channel partners' financial condition or operations weaken.

In addition, the Company depends on its channel partners globally to comply with applicable regulatory requirements. To the extent that they fail to do so, that could have a material adverse effect on the Company's business, operating results, and financial condition. Further, sales of the Company's products outside of agreed territories can result in disruption to its distribution channels.

(s) **Risks associated with the regulatory environment**

The Company's main operating entities are based in China and Australia and subject to Chinese and Australian laws and regulations. For example, in Australia, the Company is required to comply with the Corporations Act and the Competition and Consumer Act 2010 (Cth).

In China, AOFA and iLinkAll are required to comply with the PRC Company Law and other applicable laws and regulations. Notably, China has a rapidly evolving legal regime covering data and cyber security. Network security, data protection, cross-border data transfer and personal information protection are all areas subject to ongoing tightening. This may impose higher infrastructure costs on AOFA and iLinkAll or could in future lead to constraints on operations in China or cross-border operations involving China. Further, incidents involving China's or the region's security may cause uncertainty in the Chinese markets and may adversely affect the Chinese economy and the Company's activities in the region. Export growth continues to be a major driver of China's rapid economic growth. Reduction in spending on Chinese products and services, institution of tariffs or other trade

barriers or a downturn in the global economy or in any of the economies of China's key trading partners may have an adverse impact on the Chinese economy. Events such as these and their consequences are difficult to predict and it is unclear whether tariffs or barriers may be imposed or other escalating actions may be taken in the future.

Further, under PRC Company Law, profits of a PRC company can be distributed to its shareholders only when the losses of previous years have been made up and the statutory surplus reserve has been contributed as required. Before that, any profits of AOFA cannot be repatriated to Australia.

The Company also intends to increase its operations in international jurisdictions such as the United States of America, Japan, India, Singapore and Europe (although no forecast is made of whether those intentions will be realised). Users, competitors, members of the general public or regulators could allege breaches of the legislation in the relevant jurisdictions, for example, if they considered an advertisement to be misleading or deceptive. This could result in remedial action or litigation, which could potentially lead to the Group being required to pay compensation or a fine. The Group's operations may become subject to regulatory requirements, such as licensing and reporting obligations, which would increase the costs and resources associated with its regulatory compliance. Any such increase in the costs and resources associated with regulatory compliance could impact on the Company's financial performance and financial position. In addition, if regulators took the view that a Group company had failed to comply with regulatory requirements, this could lead to enforcement action resulting in public warnings, infringement notices or the imposition of a pecuniary penalty. This could lead to significant reputational damage to the Group and consequent impact on its financial performance and financial position.

(t) **Foreign exchange risks**

The Company's costs and expenses in China are in renminbi (**RMB**) and in the United States of America are in US\$. Accordingly, the depreciation and/or the appreciation of the RMB or US\$ relative to the Australian currency would result in a translation loss on consolidation which is taken directly to shareholder equity. Any depreciation of the RMB or US\$ relative to the Australian currency may result in lower than anticipated revenue, profit and earning. The Company will be affected on an ongoing basis by foreign exchange risks between the Australian dollar and RMB, and the Australian dollar and the US\$, and the Company will have to monitor this risk on an ongoing basis. The Company does not have any currency hedging policies in place at present and the Company will review and adopt any hedging of currencies as the Directors consider appropriate.

(u) **Liability claims**

The Company's product is sold predominantly within China and Australia, with a small amount of product sales occurring within the United States of America. The Company may be exposed to liability claims if its product is faulty and/or causes harm to its customers. As a result, the Company may have to expend significant financial and managerial resources to defend against such claims. The Company believes that such liability claim risks will increase as new technology is introduced to the market to circumvent sub-security systems such as included within the Company's product. If a successful claim is made against the Company, the Company may be fined or sanctioned and its reputation and brand may be negatively impacted, which could materially and adversely affect its reputation, business prospects, financial condition and results of operation.

(v) **Protection of intellectual property rights**

The Company believes that its intellectual property rights such as trademarks and patents are important to its success and competitive position and recognises the importance of registering patents and trademarks related to its product and brand. The Company is not aware of any material violations or infringements of its intellectual property rights. However, third parties may in the future attempt to challenge the ownership and/or validity of the Company's intellectual property rights.

In addition, the business of the Company is subject to the risks of third parties counterfeiting the "Netlinkz" brand or otherwise infringing intellectual property rights. Such unauthorised use of the "Netlinkz" brand in counterfeit products could not only result in potential revenue loss, but also have an adverse impact on its brand value and perceptions of its product qualities, particularly in China where most of the Company's products are sold. The Company may not always be successful in securing protection for the Group's intellectual property rights, in preventing the production and sale of counterfeit products or preventing other infringements of its intellectual property rights.

Protections offered by foreign jurisdictions in respect of intellectual property, including China, may not be as effective as in Australia. The Company may need to resort to litigation in the future to enforce the Group's intellectual property rights. Any such litigation could result in substantial costs and a diversion of its resources. The Company's failure to protect and enforce the Group's intellectual property rights could have a material adverse impact on its reputation, business and results of operations.

(w) **Reliance on key management**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these personnel cease their employment. Further, there can be no assurance that appropriately qualified senior management and key personnel will be available for engagement by the Company as and when required and on terms acceptable to the Company.

(x) **Contractors and contractual disputes**

The operations of the Company will require the involvement of a number of third parties, including suppliers, contractors and customers. With respect to these third parties, and despite applying best practice in terms of pre-contracting due diligence, the Directors are unable to completely avoid the risk of:

- (i) financial failure or default by a participant in any joint venture or other arrangement to which the Company or its subsidiaries may become a party;
- (ii) insolvency, default on performance or delivery, or any managerial failure by any of the operators and contractors used by the Company or its subsidiaries in its activities; or
- (iii) insolvency, default on performance or delivery, or any managerial failure by any other service providers used by the Company or its subsidiaries or

operators for any activity.

Financial failure, insolvency, default on performance or delivery, or any managerial failure by such third parties may have a material impact on the Company's operations and performance. While best practice pre-contracting due diligence is undertaken for all third parties engaged by the Company, it is not possible for the Company to predict or protect itself completely against all such risks.

(y) **Government policy changes and legal risk**

Government action or policy changes (in particular, by the government of China) in relation to aspects such as access to internet security, export restrictions, and taxation may adversely affect the Company's operations and financial performance.

The Company's operations in China and other countries will be governed by a series of laws and regulations in those countries. Breaches or non-compliance with these laws and regulations could result in penalties and other liabilities. These may have a material adverse impact on the financial position, financial performance, cash flows, growth prospects and share price of the Company.

These laws and regulations may be amended from time to time, which may also have a material adverse impact on the financial position, financial performance, cash flows, growth prospects and share price for the Company. The legal and political conditions of China and other countries (as may be or become relevant to the Company) and any changes thereto are outside the control of the Company.

The introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial performance and financial position of the Company and the value of its Shares and other securities. In addition, there is a commercial risk that legal action may be taken against the Company in relation to commercial matters.

(z) **Unforeseen expenditure risk**

Expenditure may need to be incurred that has not been taken into account by the Company. If such unforeseen expenditure is subsequently incurred, this may adversely affect the Company's financial position and financial performance.

(aa) **Dependence on outside parties**

The Company may pursue a strategy that forms strategic business relationships with other organisations. There can be no assurance that the Company will be able to attract such prospective organisations and to negotiate appropriate terms and conditions with these organisations.

(bb) **Accounting**

The financial information included in this Prospectus have been prepared based on the financial records of the Group which are in the process of being audited.

Whilst the Company does not expect that any audit modification will arise at this stage, the Company does anticipate that the audited FY2020 Annual Report will

include an emphasis of matter in relation to material uncertainty related to going concern.

The financial information included in this Prospectus has been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in Company's Appendix 4E Preliminary Final Report for the financial year ended 30 June 2020 dated 31 August 2020, the Group incurred a total comprehensive loss of \$23,068,295, had net cash outflows from operating activities of \$8,888,157 and working capital deficiency of \$11,726,599. These conditions indicate the existence of a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern.

The Directors believe that there are reasonable grounds to believe that the Company and the Group will continue as a going concern, however, there are factors that indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and in this Prospectus. The financial information in this Prospectus does not include any adjustments relating to the recoverability and classification of recorded asset amounts, nor to amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

2.3 Applications under the Offers

Applications under the Offers may only be made pursuant to a relevant Application Form acceptable to the Company, as described in this **Section 2** and in **Section 3**. If an Application Form is not completed correctly it may still be treated as valid. The Directors' decision whether to treat a completed Application Form as valid and how to construe, amend or complete the Application Form is final.

(a) Note Offer

An application under the Note Offer may only be made by persons on invitation from the Company. An Application Form must be emailed to cosec@netlinkz.com,

together with payment of the applicable Application Monies by electronic funds transfer to the following account:

Account Name: Netlinkz Limited

BSB: 032 023

Account Number: 436575

such that both the Application Form and payment are received by the Company on or before the Closing Date.

(b) **BJS Offer**

The BJS Offer is an invitation to BJS (and/or its nominee) only.

Only BJS (and/or its nominee) can apply for the Options offered under the BJS Offer, using a personalised Application Form accompanying this Prospectus.

(c) **Tanaka Offer**

The Tanaka Offer is an invitation to Tanaka only.

Only Tanaka can apply for the Options offered under the Tanaka Offer, using a personalised Application Form accompanying this Prospectus.

(d) **Systemic Offer**

The Systemic Offer is an invitation to Systemic only.

Only Systemic can apply for the Shares offered under the Systemic Offer, using a personalised Application Form accompanying this Prospectus.

(e) **Helicopter Offer**

The Helicopter Offer is an invitation to Helicopter only.

Only Helicopter can apply for the Shares offered under the Helicopter Offer, using a personalised Application Form accompanying this Prospectus.

Refer to **Sections 3.11 to 3.14** for further information.

2.4 Opening and Closing Dates

The closing date for the Offers is 2 October 2020 or such other time and date as the Directors determine (**Closing Date**).

The Company reserves the right, subject to the Corporations Act, to shorten or extend the closing date of one or more of the Offers without prior notice or to close or withdraw one or more of the Offers. If a closing date is varied, subsequent dates may also be varied accordingly.

2.5 Rights and liabilities attaching to New Shares

The Shares to be issued pursuant to the Offers (including the New Shares and any Shares to be issued on conversion or exercise of the Convertible Notes and Options offered under the Note Offer, BJS Offer or Tanaka Offer) are of the same class and will rank equally in all respects with the existing Shares on issue. The rights and liabilities attaching to Shares are further described in **Section 5.5**.

2.6 Minimum subscription under the Offers

There is no minimum subscription for any of the Offers. The Company reserves the right to issue less than the maximum numbers of securities contemplated pursuant to each Offer described in this Prospectus (or to issue nil securities) at the Board's discretion.

2.7 No Underwriting

The Offers are not underwritten.

2.8 Quotation of securities

The Company intends to apply to ASX for quotation of the New Shares pursuant to the Offers on the ASX within 7 days of the Prospectus Date. The Company will not apply to ASX for Official Quotation of the Convertible Notes or the Options offered under this Prospectus. However, the Company will apply to ASX for Official Quotation of any Shares that are issued on conversion of the Convertible Notes or on exercise of the Options or otherwise as required by the ASX Listing Rules.

2.9 Issuance

The New Shares, Options and Convertible Notes to be offered pursuant to the Offers are proposed to, subject to the receipt of the relevant Shareholder approvals at the EGM and subject to the Directors accepting relevant Application Forms, be (subject to the Board's discretion) issued by the Company shortly after the Closing Date.

In accordance with section 722(1) of the Corporations Act, until the issue of the Convertible Notes, all Application Monies will be held in trust by the Company. Refer to **Section 3.14** for further information.

The New Shares, Options and Convertible Notes will not be issued on the basis of this Prospectus later than thirteen (13) months after the date of this Prospectus. Application Monies will be refunded to unsuccessful applicants for Convertible Notes without interest as soon as reasonably practicable after the close of the Note Offer.

2.10 Overseas investors

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or to extend such an invitation. No action has been taken to register this Prospectus or otherwise to permit an offering of New Shares, Convertible Notes or Options in any jurisdiction outside Australia. It is the responsibility of non-Australian resident investors to obtain all necessary approvals and comply with all relevant regulations for the issue to them of the securities offered pursuant to this Prospectus. Return of a duly completed Application Form will constitute a representation and warranty that there has been no breach of such regulations.

2.11 CHESS and issuer sponsorship and Options and Convertible Notes certificates

The Company operates an electronic CHESS sub-register and an electronic issue sponsored sub-register. These two sub-registers make up the Company's register of Shares.

The Company will not issue a share certificate to a Shareholder. Rather, a holding statement (similar to a bank statement) will be dispatched to each of the relevant Shareholders as soon as practicable after allotment of the New Shares. The holding statement will be sent either by CHESS (if the security holders elect to hold New Shares on the CHESS sub-register) or by the Company's Share Registry (if the security holders

elect to hold New Shares on the issuer sponsored sub-register). The statement will set out details of the New Shares allotted under this Prospectus and the Holder Identification Number (if the security holder elects to hold the New Shares on the CHESS sub register) or Shareholder Reference Number (if the security holder elects to hold the New Shares on the issuer sponsored sub-register). Updated holding statements will also be sent to each security holder following the month in which the balance of their security holding changes, and also as required by the ASX Listing Rules and the Corporations Act.

The Company will issue certificates for the Options and Convertible Notes to the holders of such securities if they are issued pursuant to the Offers.

2.12 Selling New Shares pursuant to the Offers before receiving a holding statement

It is the responsibility of each person who trades in New Shares to confirm their holding before trading in New Shares. If you sell New Shares before receiving a holding statement, you do so at your own risk. The Company and its Share Registry disclaim all liability, whether in negligence or otherwise if you sell New Shares before receiving a holding statement, even if you obtained details of your holding through your stockbroker.

2.13 Privacy statement

The Company's Share Registry collects your personal information to offer you registry and related services, other products and services information, perform administrative and operational functions, and prevent fraud or crime or where otherwise required or authorised by law. The Company may authorise the Share Registry on its behalf to send you marketing material or to include it in a corporate communication. The Company's Share Registry may be required to collect your personal information under the *Corporations Act 2001* (Cth) and ASX Settlement Operating Rules.

The Company's Share Registry may disclose your personal information to its related bodies corporate and to other individuals or companies who assist it in supplying its services or who perform functions on its behalf, to issuers for whom it maintains securities registers for, or to third parties upon the Company's direction where related to the Company's administration of the securityholding, or where you have otherwise agreed the Share Registry may disclose it.

Some recipients may be located outside of Australia – including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America.

Once you become a security holder in the Company, the Corporations Act and Australian taxation legislation require information about you (including your name, address and details of the securities you hold) to be included in the securities registers. In accordance with the requirements of the Corporations Act, information on the securities registers will be accessible by members of the public. The information must continue to be included in the securities registers if you cease to be a security holder.

Your personal information may also be used from time to time to inform you about other products and services offered by the Company, which it considers may be of interest to you. Your personal information may also be provided to the Company's agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy. The agents and service providers of the Company may, as noted above, be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. In addition to the Share Registry and others noted above, the types of agents and service providers that may be

provided with your personal information and the circumstances in which your personal information may be shared are:

- stockbrokers for the purpose of providing their services;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the security holder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the securities and for associated actions.

Information contained in the Company's securities registers is also used to facilitate corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

By submitting an Application Form, you agree that the Company and the Share Registry may communicate with you in electronic form or to contact you by telephone in relation to the Offers.

For further details, including how to access and correct your personal information, and on the Company's Share Registry's privacy complaints handling procedure, please contact the Share Registry's Privacy Officer at privacy@computershare.com.au or see its Privacy Policy at <http://www.computershare.com/au/help/Pages/privacy-policies.aspx>. For details on how the Company collects, stores, uses and discloses your personal information, please read the Company's privacy policy available at <https://netlinkz.com/privacy-policy/>.

2.14 Taxation

It is the responsibility of an investor to satisfy itself of the particular taxation treatment that applies to it in relation to the Offers (and the issue of New Shares, Options and Convertible Notes), by consulting its professional tax advisors. The Company and the Directors do not accept any liability or responsibility in respect of the taxation consequences of those matters or the other matters referred to in this Prospectus.

2.15 Other terms and conditions of the Offers

The terms and conditions set out above are not exhaustive and the other parts of this Prospectus and the relevant Application Forms for the Offers provide the other terms and conditions of the Offers.

2.16 Enquiries

This document is important and should be read in its entirety. Persons who are in any doubt as to the course of action to be followed should consult their stockbroker, solicitor, accountant or other professional advisor without delay. Questions relating to the Offers can be directed to the Company Secretary on +61 8 9389 3190 or via email at cosec@netlinkz.com.

3. DETAILS, PURPOSE AND EFFECT OF THE OFFERS

3.1 Purpose of the offers of New Shares

By this Prospectus, the Company is making offers of the New Shares (being the Shares to be offered pursuant to the Systemic Offer and Helicopter Offer as described in **Section 2.1** above).

The Company is also seeking the approval of its Shareholders at the EGM to issue the following Shares (to be offered separately to this Prospectus), the issue of which will be conditional upon those approvals and upon the Board's discretion to issue those Shares:

- (a) 10,000,000 Shares to Lind Global Macro Fund, LP (**Lind**) pursuant to the Termination Deed between the Company and Lind summarised in **Section 3.2** below) (**Lind Shares**). In relation to the Lind Shares:
 - (i) they will rank equally in all aspects with all existing Shares on issue in the Company with effect from their date of issue;
 - (ii) subject to Shareholder approval being received for the issue of the Lind Shares at the EGM, it is proposed that the Lind Shares be issued no later than 28 September 2020 (or such later date as Lind and the Company may agree) provided that the Lind Shares are issued within 3 months of receipt of Shareholder approval for their issue; and
 - (iii) the Company will not receive consideration for the issue of the Lind Shares as such Shares are being issued in part consideration for the termination of the Lind SPCSA (refer to **Section 3.2** below);
- (b) 10,000,000 Shares to CST pursuant to the Termination Deed between the Company and CST Capital Pty Ltd as trustee for the CST Investments Fund (**CST**) summarised in **Section 3.2** below) (**CST Shares**). In relation to the CST Shares:
 - (i) they will rank equally in all aspects with all existing Shares on issue in the Company with effect from their date of issue;
 - (ii) subject to Shareholder approval being received for the issue of the Shares to CST at the EGM, it is proposed that the CST Shares be issued no later than 28 September 2020 (or such later date as CST and the Company may agree) provided that the CST Shares are issued within 3 months of receipt of Shareholder approval for their issue; and
 - (iii) the Company will not receive cash consideration for the issue of the CST Shares as such Shares are being issued in part consideration for the termination of the CST SPCSA (refer to **Section 3.2** below); and
- (c) up to 18,620,690 Shares to the Company's corporate adviser and lead manager to the Note Offer, EverBlu Capital Pty Ltd (**EverBlu**) (or its nominees), as consideration for EverBlu assisting the Company with the Note Offer (details of which the Company announced to the ASX on 31 July 2020 and in the notice of the

EGM announced to the ASX on 17 August 2020) (**EverBlu Shares**). In relation to the EverBlu Shares:

- (i) the 18,620,690 EverBlu Shares which are proposed to be issued to EverBlu (or its nominee) will rank equally in all aspects with all existing Shares on issue in the Company with effect from their date of issue;
- (ii) subject to Shareholder approval being received for the issue of the EverBlu Shares at the EGM, it is proposed that the EverBlu Shares be issued to within 3 months of Shareholder approval being obtained by the Company;
- (iii) no cash consideration would be received by the Company for the issue of up to 18,620,690 Shares to EverBlu as such Shares are being issued in lieu of cash payments and securities which are required to be made, or issued, (as the case may be) by the Company to EverBlu under the Company's mandate with EverBlu (a summary of which is set out in the Company's ASX announcement of 24 April 2020);
- (iv) no funds will be raised from the issue of the EverBlu Shares and they will not be offered to the public; and
- (v) the actual number of EverBlu Shares to be issued to EverBlu or its nominees will be pro-rated to reflect the percentage of A\$18 million which is borrowed by the Company pursuant to the Note Offer (excluding the 10% discount to the face value of the Convertible Notes referred to at **Section 2.1(a)**).

Further details of the above proposed issues of Shares are set out in the Company's notice of EGM which was released to ASX on 17 August 2020.

The Company is obliged to ensure that the Shares issued by the Company which are to be quoted on ASX (including the Lind Shares, CST Shares and EverBlu Shares) are not subject to the secondary sale restrictions in the Corporations Act.

The Company is not able to issue a cleansing notice under section 708A(5) of the Corporations Act due to its securities being suspended from trading on the ASX for more than 5 trading days within the last 12 months.

However, section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- the relevant securities are in a class of securities of the company that are already quoted on the ASX (section 708A(11)(a));
- a prospectus is lodged with ASIC either:
 - on or after the day on which the relevant securities were issued but before the day on which the sale offer is made (section 708A(11)(b)(i)); or
 - before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued (section 708A(11)(b)(ii)); and

- the prospectus is for an offer of securities issued by the company that are in the same class of securities as the relevant securities.

Accordingly, one purpose of this Prospectus and the offers of New Shares is to rely on section 708A(11) of the Corporations Act to remove any trading restrictions that may attach to the Lind Shares, CST Shares and EverBlu Shares which, subject to the receipt of Shareholder approval at the EGM and subject to the Directors resolving to issue those Shares, will be issued by the Company without disclosure before the Closing Date.

3.2 Termination Deeds with Lind and CST

The purpose of the issue of the Lind Shares and CST Shares and the indicative use of part of the funds proposed to be raised from the Note Offer (as described in **Section 3.5**) is to satisfy the Company's deeds entered into with each of Lind and CST as described in the Company's announcement to the ASX on 31 July 2020.

In particular, as per that announcement, the Company has entered into separate deeds (**Termination Deeds**) with each of Lind and CST (each an **Investor**) relating to the pre-existing share purchase and convertible security agreements with each of Lind and CST described in the Company's ASX announcements of 24 December 2019 (the **SPCSAs**).

Pursuant to those Termination Deeds:

- (a) The Company must pay to each Investor the agreed amount outstanding under the relevant SPCSA (which is A\$3,320,000 in the case of CST and A\$3,120,000 in the case of Lind) by way of the following payments:
 - (i) an initial payment of A\$1,020,000 to CST and A\$820,000 to Lind on or before 7 August 2020 (which the Company paid on time); and
 - (ii) the balance on or before 28 September 2020 (noting that if the Company conducts certain equity or debt capital raising prior to that date, the net proceeds of that raising must be utilised to pay that balance).
- (b) The Collateral Shareholding Number is reduced to zero (meaning that Lind and CST can keep their respective Collateral Shares (as described in the 24 December 2019 announcements) without having to pay the Company for those Collateral Shares).
- (c) Subject to, and conditional upon, the Company first obtaining its shareholders' approval, the Company must issue to each Investor ten million Shares on or before 28 September 2020 (ie twenty million shares in total), in which case no payment is to be made pursuant to clause (d) below.
- (d) If the Company is unable to obtain its shareholders' approval for the issue of the above Shares to the Investors on or before 28 September 2020, then on or before 5 October 2020 (if those Shares have not been issued by then), the Company, instead of issuing those Shares, must pay to each Investor a cash amount in Australian dollars which is the greater of:
 - (i) A\$512,490; or
 - (ii) 10,000,000 multiplied by the volume weighted average market price (VWAP) per Share for the twenty trading days on which trades occur in Shares immediately prior to 28 September 2020, in which case no such Shares will be issued by the Company.

Failure for the Company to comply with the above (or certain events of default) would mean the Termination Deeds with Lind and CST terminate, the SPCSAs would continue to apply and the Company would forfeit A\$500,000 of the above payments to each of Lind and CST (i.e. A\$1 million in total) and the Collateral Shareholding Number will remain reduced to zero.

On the other hand, if the payments occur pursuant to clause (a) above then, with immediate effect upon either the Shares being issued under clause (c) above or the payments being made pursuant to clause (d) above:

- (a) the SPCSAs are terminated;
- (b) the First Convertible Notes (as defined in **Section 3.9** below and described in the Company's 24 December 2019 announcements) with each of Lind and CST are terminated and cancelled for nil consideration; and
- (c) each party to the SPCSAs is irrevocably and unconditionally released from its obligations under the SPCSAs.

In the meantime no further transactions will occur under the SPCSAs (such as the issue of Tranche Shares described in the 24 December 2019 announcements) and Lind and CST have (among other things) granted forbearances and waivers in relation to certain matters pursuant to the SPCSAs, including (among other things) for any outstanding events of default.

In addition, the security interests which Lind and CST have in relation to Company assets would be released upon termination of the SPCSAs. The Termination Deeds contain further customary clauses, such as mutual releases and indemnities.

3.3 Purpose of the BJS Offer

On 10 June 2017, the Company entered into an engagement letter with BJS pursuant to which the Company engaged BJS to provide corporate and strategic advice to the Company (**BJS Engagement**) over a two year period commencing June 2017. As part of the consideration payable to BJS for providing services to the Company under the BJS Engagement, the Company agreed to issue 5,000,000 unlisted Options (being the Options the subject of the BJS Offer) to BJS or its nominee.

The purpose of the BJS Offer is to satisfy the term of the BJS Engagement concerning the issue those Options.

3.4 Purpose of the Tanaka Offer

In December 2019, the Company entered into an ongoing advisory board agreement engagement letter with Tanaka pursuant to which the Company engaged Tanaka as an independent contractor to serve on the Company's board of advisors (**Tanaka Engagement**) and to provide the following services to the Company:

- (a) participant in monthly advisory board calls;
 - (b) participate in the process for obtaining certification of the Company's intellectual property;
 - (c) participate in the establishment of an IoT laboratory in Japan for the Company;
 - (d) participate in sales of the Company's intellectual property in Japan and potentially other international markets;
 - (e) assist with locating and engaging potential users of the Company's intellectual property in Japan; and
 - (f) provide guidance to the Company on its business and technology strategies,
- (together, the **Tanaka Services**).

As part of the consideration payable to Tanaka for providing the Tanaka Services under the Tanaka Engagement, the Company agreed to issue 7,500,000 unlisted options to Tanaka as follows:

- (a) 2,500,000 unlisted options (being the Options proposed to be issued under the Tanaka Offer) on the date which is 14 days after the date of entry into the Tanaka Engagement;
- (b) 2,500,000 unlisted options on the date which is 18 months after the date of entry into the Tanaka Engagement; and
- (c) 2,500,000 unlisted options on the date which is 36 months after the date of entry into the Tanaka Engagement,

all of which require shareholder approval for the purposes of Listing Rule 7.1.

On 1 June 2020, the Tanaka Engagement was terminated and replaced with a formal employment agreement between the Company's Japanese subsidiary, Netlinkz Japan KK, and Tanaka (**Tanaka Employment Agreement**). Upon termination of the Tanaka Engagement, the parties agreed that shareholder approval would be sought for the issue of the Options pursuant to (a) above, with Tanaka waiving his entitlement to the options pursuant to (b) and (c) above, in lieu of a separate package of 5,000,000 Options to be issued under the Tanaka Employment Agreement, subject to shareholder approval to be sought at the Company's 2020 Annual General Meeting (**2020 AGM**), which is scheduled to be held in November 2020.

The purpose of the Tanaka Offer is consequently to satisfy the agreement regarding the issue of Options the subject of paragraph (a) above.

3.5 Purpose of the Note Offer and use of funds

The purpose of the Note Offer is to raise up to \$18,000,000 (before costs and before deduction of interest on the Convertible Notes) and not including any amounts received upon the exercise of any Attaching Note Options.

The Company intends to use these funds as follows:

The information in the below table is current as at the date of this Prospectus. The use of funds may change depending on any intervening events or changes in the Company's circumstances.

Indicative use of funds	Amount
Balance of CST and Lind Termination Deeds cash payment ¹	4,600,000
Repay working capital loan provided by Atlantic Capital Group Pty Ltd, which loan was used to make the initial payments to CST and Lind pursuant to the Termination Deeds ²	1,680,000
General working capital expenditure on: administration costs; research and development; marketing; costs of sales in Australia, Japan, India, Europe, USA and China; expenses of the offers ³ and payment obligations to creditors.	9,920,000
Interest on Convertible Notes	1,800,000
Total	\$18,000,000

Notes:

1. Refer to **Section 3.2(a)(ii)**.
2. Refer to **Sections 3.2(a)(i) and 5.3**.
3. Refer to **Section 5.13** for expenses of the offers.

The Board reserves the right to change the way funds are used and applied. To the extent that less than the maximum numbers of Convertible Notes and Attaching Note Options are issued, the Board reserves the right to scale back the above expenditures at the Board's discretion, prioritising the repayment of the current loan facilities with Lind and CST and the payment of other short-term liabilities of the Company. Certain creditors of the Company may also subscribe to the Note Offer, the payment for which may be set off against the Company's payment obligations to such creditors. There are no such arrangements currently in place.

3.6 Purpose of the Systemic Offer

On 15 April 2018, the Company entered into a software development agreement (**SDA**) with Systemic for the provision of software development services by Systemic to the Company. Systemic were to be paid certain consideration subject to the satisfaction of certain performance milestones. The parties have been in discussions to amend the terms of the SDA, to settle certain disputes which had arisen between Systemic and the Company, surrounding the meeting of agreed performance milestones.

As part of these discussions, the Company and Systemic agreed to resolve certain disputes arising under the SDA by entering into a deed of compromise, release and termination dated 31 March 2020 (**Systemic Deed**). Pursuant to the Systemic Deed, the Company agreed to issue to Systemic the 15,000,000 Shares pursuant to the Systemic Offer.

The purpose of the Systemic Offer is consequently to satisfy the terms of the Systemic Deed in resolution of the disputes arising under the SDA.

3.7 Purpose of the Helicopter Offer

On 30 November 2019, the Company entered into an agreement with Helicopter pursuant to which the Company engaged Helicopter to provide services in respect of the Company's branding, identity development and positioning services. As part of the consideration payable to Helicopter for providing such services to the Company, the Company verbally agreed with Helicopter to issue the 868,659 Shares the subject of the Helicopter Offer to Helicopter as payment for consideration owing by the Company to Helicopter for the provision of services to the Company during the period 1 September 2019 to 31 May 2020.

The purpose of the 868,659 Shares being offered pursuant to the Helicopter Offer is for the Company to provide consideration for \$50,000 worth of services provided by Helicopter to the Company.

3.8 Effect of the Offers on the Company's consolidated financial position

Options proposed to be issued under the BJS Offer and Tanaka Offer will be issued for nil cash consideration, therefore the Company will not raise any funds from either of those offers. However, if those Options were to be exercised in full prior to their expiration date, \$700,000 (before deducting fees and expenses) would be added to the Company's cash reserves (assuming all those Options are exercised).

The New Shares are proposed to be issued for nil cash consideration. Therefore the Company will not raise any funds from those Offers.

The effect of the Note Offer before repayment of loans and obligations set out above, will be to increase the cash held by the Company at the close of the Note Offer by approximately up to \$16,200,000 (before costs but after payment of interest on the Convertible Notes via set-off). As set out in Section 3.5, \$4,600,000 (being the aggregate amount the subject of **Section 3.2(a)(ii)**) of the funds raised under the Note Offer will be used to pay amounts owing to Lind and CST pursuant to the Termination Deeds. If the Company fails to meet the payment obligations, the SPCSAs will continue to apply and the Company will forfeit A\$500,000 of the payments made to each of Lind and CST (i.e. A\$1 million in total) and the Collateral Shareholding Number will remain reduced to zero. In the event that insufficient funds are raised under the Note Offer to meet those payment obligations, the Company will consider other alternatives to meet those funding requirements, such as an equity offering to sophisticated and/or professional investors or further debt financing.

As at the day before the date of this Prospectus, the Company has \$989,286 immediately available in the Company's Australian bank accounts.

Set out below is:

- (a) the reviewed statement of financial position of the Company as at 31 December 2019;
- (a) the unaudited statement of financial position of the Company as at 30 June 2020 per the Appendix 4E;
- (b) the adjusted statement of financial position incorporating adjustments processed since the lodgment of the Appendix 4E; and
- (c) the unaudited pro forma statement of financial position of the Company as at 30 June 2020 incorporating the effect of completion of the Offers and completion of the Termination Deeds and assuming the maximum number of 20,000,000 Convertible Notes and 150,000,000 Attaching Note Options are issued pursuant to the Note Offer (100% subscription) or alternatively that only 10,000,000 Convertible

Notes and 75,000,000 Attaching Note Options are issued pursuant to the Note Offer (50% subscription).

The pro-forma information is presented in an abbreviated form. It does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial statements.

All amounts disclosed below are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest thousand. Some numerical figures included in this Prospectus have been subject to rounding adjustments. Any differences between totals and sums of components in figures or tables contained in this Prospectus are due to rounding.

\$'000	Reviewed as at 31 December 2019	Appendix 4E as at 30 June 2020 (Unaudited)	Adjusted as at 30 June 2020 (Unaudited)	Pro forma at 50% Note Offer raising (Unaudited)	Pro forma at 100% Note Offer raising (Unaudited)
Current assets					
Cash and cash equivalents	6,203	1,440	1,440	3,771	11,871
Other receivables	675	590	590	590	590
Other assets	11,315	5,087	4,837	4,837	4,837
Total current assets	18,193	7,117	6,867	9,198	17,298
Non current assets					
Property, plant and equipment	-	0	0	0	0
Investments	-	100	100	100	100
Right of use asset	-	-	250	250	250
Intangible assets	-	4,121	4,121	4,121	4,121
Goodwill	-	9,382	9,382	9,382	9,382
Total non current assets	-	13,603	13,853	13,853	13,853
Total assets	18,193	20,720	20,720	23,051	31,151
Current liabilities					
Trade and other payables	3,090	1,963	2,163	2,163	2,163
Employee benefits	-	152	152	152	152
Borrowings	11,697	14,140	14,140	9,825	15,279
Other current liabilities	151	2,589	3,459	2,382	2,382
Total current liabilities	14,938	18,844	19,914	14,522	19,976
Non current liabilities					
Borrowings	-	-	-	-	-
Other non-current liabilities	-	95	95	95	95
Total non current liabilities	-	95	95	95	95
Total liabilities	14,938	18,939	20,009	14,617	20,071
Net assets	3,255	1,781	711	8,434	11,080
Equity					
Issued capital	66,470	79,737	79,737	85,690	86,482
Other contributed equity	-	-	-	1,853	3,707
Reserves	12,096	8,773	8,915	8,915	8,915
Accumulated losses	(75,311)	(87,126)	(88,338)	(88,421)	(88,421)
NCI	-	397	397	397	397
Total equity	3,255	1,781	711	8,434	11,080

The following adjustments have been processed to the unaudited statement of financial position as at 30 June 2020 to arrive at the adjusted statement of financial position:

- 1) the accrual of the 15,000,000 Shares to be issued to Systemic pursuant to the Systemic Offer (see **Section 2.1(d)**) amounting to an accrual of \$0.9 million;
- 2) recognition of an accrual to reflect the fair value of the 5,000,000 Options to be issued under the BJS Offer (see **Section 2.1(b)**) amounting to \$0.1 million;
- 3) recognition of \$0.2 million of interest payable on a loan facility where it was not previously accrued;
- 4) reclassification of the \$0.2 million Right of Use lease asset from current assets to non-current assets in line with *AASB 16 Leases* accounting standard.

The following transaction had not occurred prior to 30 June 2020 but has taken place before the Prospectus Date:

- 5) the exercising of Options to share capital with \$0.9 million received by the Company in cash, \$0.2 million of which was received on or before 30 June 2020 and therefore adjusted against other current liabilities, and the remainder reducing current borrowings (\$1.1 million).

In addition, the following pro forma transactions and events are assumed (for the purposes of the pro forma statements of financial position of the Company above) to take place pursuant to this Prospectus:

- 6) the completion of the Note Offer raising \$8.1 million in cash at 50% subscription and \$16.2 million at 100% subscription. At 50% of the subscription amount \$1.9 million will be recorded against contributed equity with the value ascribed to the equity conversion feature and the free Attaching Note Options. The remainder will be recognised against current borrowings (\$6.2 million). At 100% subscription \$3.7 million will be recorded against contributed equity with the value ascribed to the equity conversion feature and the free Attaching Note Options. The remainder will be recognised against current borrowings (\$12.5 million);
- 7) costs of the Offers including the EverBlu Shares to be issued to EverBlu (or its nominees) in accordance with **Section 3.1(c)** as well as a further \$82,502 to be paid in cash to advisers in respect of professional fees;
- 8) the settlement of the Shares to be issued to Systemic under the Systemic Offer as described in **Section 2.1(d)**;
- 9) the settlement of the Shares issue to Helicopter under the Helicopter Offer as described in **Section 2.1(e)**. An accrual had been previously recorded as at 30 June 2020 in the balances reported in the unaudited Appendix 4E; and
- 10) the settlement of the Termination Deeds with Lind and CST which includes a cash payment totalling \$6.4 million (with \$1.8 million paid on 7 August 2020) as well as the proposed issue of the CST Shares and Lind Shares as described in **Sections 3.1(a)** and **(b)**. It is noted that the reduction of the Collateral Shareholding Number to nil (as described in **Section 3.2(b)**) is not an offer under this Prospectus.

It is noted that the Tanaka Offer has been recorded in the statement of financial position in the unaudited Appendix 4E balances with no further transactions necessary.

It is noted that the BJS Offer has been recorded in the statement of financial position in the adjusted unaudited balances with no further transactions necessary.

3.9 The effect of the Offers on the Company's capital structure

The indicative effect of the Offers (and of the proposed issues of CST Shares, Lind Shares and EverBlu Shares) on the Company's capital structure is set out in the tables below.

In addition, there is a likelihood of the Company raising further funds (potentially via equity (including Share issues or convertible securities) or hybrid securities) in the short to medium term. Although no decision has been made to raise such funds or in relation to the structure of such raising, investors should be aware of this probability and refer specifically to the key risk factor in **Section 2.2(c)** above, for further information.

Shares*	Number
Shares currently on issue	2,109,799,162
Proposed issue of EverBlu Shares (assuming the maximum 20,000,000 Convertible Notes are issued)	18,620,690
Proposed issue of Lind Shares	10,000,000
Proposed issue of CST Shares	10,000,000
New Shares	15,868,659
Total Shares on issue after completion of the Offer	2,164,288,511

* The Company also proposes to seek approval from its Shareholders for the proposed issue of 20,000,000 Shares to the Company's Executive Chairman, James Tsiolis, in satisfaction of the bonus owing by the Company to Mr Tsiolis for the financial year ended 30 June 2018. Such approval is proposed to be sought from Shareholders at the Company's 2020 AGM which is scheduled to be held in November 2020.

Options**	Number
Unlisted NETO33 Options (exercisable at \$0.045, expiring on 31 October 2020)	2,604,279
Unlisted NETO2 Options (exercisable at \$0.187, expiring on or before 3 November 2020)	267,379
Unlisted NETO14 Options (exercisable at \$0.06, expiring on 1 January 2021)	3,300,000
Unlisted NETO22 Options (exercisable at \$0.12, expiring on 1 January 2021)	3,300,000
Unlisted NETO18 Options (exercisable at \$0.24, expiring on 1 January 2021)	3,400,000
Unlisted NETO25 Options (exercisable at \$0.02, expiring on 2 July 2021)	6,000,000

Unlisted NETO26 Options (exercisable at \$0.02, expiring on 2 July 2021)	20,000,000
Unlisted NETO27 Options (exercisable at \$0.045, expiring on 2 July 2021)	2,250,000
Unlisted NETO28 Options (exercisable at \$0.09, expiring on 2 July 2021)	6,250,000
Unlisted NETO29 Options (exercisable at \$0.15, expiring on 2 July 2021)	5,000,000
Unlisted NETO23 Options (exercisable at \$0.06, expiring on 1 October 2021)	2,000,000
Unlisted NETO13 Options (exercisable at \$0.12, expiring on 1 October 2021)	2,000,000
Unlisted NETO19 Options (exercisable at \$0.24, expiring on 1 October 2021)	2,000,000
Unlisted NETO20 Options (exercisable at \$0.36, expiring on 1 October 2021)	2,000,000
Unlisted NETO30 Options (exercisable at \$0.02, expiring on 21 December 2021)	25,000,000
Unlisted NETO31 Options (exercisable at \$0.037, expiring on 31 January 2022)	19,800,000
Unlisted NETO32 Options (exercisable at \$0.20, expiring on 24 December 2022)	10,000,000
Unlisted NETO34 Options (exercisable at \$0.13, expiring on 18 February 2023)	1,125,000
Options to be issued under the BJS Offer	5,000,000
Options to be issued under the Tanaka Offer	2,500,000
Attaching Note Options to be issued under the Note Offer (assuming all Convertible Notes offered under the Note Offer are issued)	150,000,000
Total Options on issue after completion of the Offers	273,796,658

** In addition, the Company is also proposing to seek Shareholder approval for the issue of:

- (a) an additional 5,000,000 unlisted Options to Tanaka at the 2020 AGM, in accordance with Tanaka's employment agreement (as described in **Section 3.4**). These Options will be issued in two tranches and will have an exercise price of \$0.16. In respect of the first tranche, 2,500,000 of these Options will be exercisable 12 months after the commencement of Tanaka's employment (being 1 June 2021) (subject to his continued employment), and will expire on the date

which is 3 years after the date of grant, and in respect of the second tranche, 2,500,000 of these Options will be exercisable 30 months after the commencement of Mr Tanaka's employment (subject to his continued employment) and will expire on the date which is 5 years after the date of grant; and

- (b) 10,000,000 unlisted Options to each of Bruce Rathie, Hualin Zhang, Geoff Raby, James Stickland, and the Company's Chief Revenue Officer, Grant Thomson, (being 50,000,000 Options in total) in the following tranches for each of them:
- (i) 2,500,000 exercisable at \$0.10 each;
 - (ii) 2,500,000 exercisable at \$0.15 each;
 - (iii) 2,500,000 exercisable at \$0.20 each; and
 - (iv) 2,500,000 exercisable at \$0.25 each.

Each Option will have an expiry date of 1 September 2023. One half of each tranche of Options will vest immediately upon issue, with the remaining Options to vest on the date that is 18 months from the date of each recipient's appointment, subject to them remaining engaged in their current role on that date. The Options will be able to be exercised by cashless exercise facility, and will otherwise be on standard terms and conditions, which will be disclosed in the relevant notice of meeting.

In addition, the Company may elect to issue further securities to employees under the Company's Incentive Share Plan. Such issues are subject to Board discretion and are typically conditional upon the achievement of defined performance targets. As at the date of this Prospectus, there are no open offers to employees under the Company's Incentive Share Plan, however such awards may be granted in the future.

Unlisted convertible notes	Number
First Convertible Notes*	2
Convertible Notes to be issued under the Note Offer (assuming full subscription under that offer)	20,000,000
Cancellation of the First Convertible Notes*	-2
Total convertible notes on issue	20,000,000

* The terms of the convertible notes issued by the Company to Lind and CST were disclosed to the market by the Company on 24 December 2019 (**First Convertible Notes**) and they are referred to in the notice of the EGM. As announced to the market on 31 July 2020 and described in **Section 3.2**, the Company has entered into the Termination Deeds with each of Lind and CST. If the Termination Deeds are completed in accordance with their terms summarised in **Section 3.2**, the First Convertible Notes issued to Lind and CST will be cancelled and cease to exist.

3.10 Effect of the Offers on control of the Company

The Company does not anticipate that the issue of Shares under the Offers (or upon conversion into Shares of Convertible Notes and Options to be issued pursuant to the Offers) will result in the applicant obtaining a relevant interest in 20% or more of the Shares to be on issue in the Company. The Company therefore does not anticipate that the issue of securities under the Offers will have any material effect on control of the Company.

3.11 Nature of Application Forms and requirements

Application Forms must comply with this Prospectus and the instructions on the relevant Application Form. An Application Form is an offer by the applicant to the Company to apply for all or any of the amount of securities specified in the Application Form on the terms set out in this Prospectus. To the extent permitted by law, an Application Form is irrevocable.

Acceptance of an Application Form by the Company will give rise to a legally binding contract between the successful applicant pursuant to that Application Form and the Company, for the number of securities accepted by the Company. An Application Form does not need to be signed to be a binding application for securities in the Company.

Note Offer

Payment for the Convertible Notes must be made in full at the subscription price but deducting the interest described in **Section 2.1(a)**, leaving a residual of \$0.81 in Application Monies payable per Convertible Note.

Completed Application Forms must be emailed to cossec@netlinkz.com, together with payment of the applicable Application Monies by electronic funds transfer to the following account:

Account Name: Netlinkz Limited

BSB: 032 023

Account Number: 436575

such that both the Application Form and payment are received by the Company by no later than 5:00pm (Sydney time) on the Closing Date.

Applications for Convertible Notes must be accompanied by the payment in full of the Application Monies in Australian currency.

The terms of the Convertible Notes (set out in **Annexure A** below) provide for the possibility of the Company having to (at the election of each holder of Convertible Notes (being the Early Repayment Election)) pay to the holder in cash the face value of one or more of the Convertible Notes by as early as 8 December 2020 (rather than after the later maturity date of 12 months after the issue of the Convertible Notes).

There is a risk that the Company may not be able to fulfil such a payment obligation. In order to mitigate this risk, the Application Form for Convertible Notes includes the optionality for each applicant to irrevocably waive its right to make an Early Repayment Election, meaning that the earliest date by which repayment of their Convertible Notes would be due would be 12 months and five Business Days after the issue of the Convertible Notes. Ticking the box on the Application Form to waive the Early Repayment Election would not prevent the Convertible Notes holders from converting their Convertible Notes

into Shares upon the issue of the Convertible Notes and until the Maturity Date in accordance with the terms set out in Annexure A.

The Directors are more likely to accept Application Forms for Convertible Notes where the Early Repayment Election has been waived by the applicant ticking the relevant box on the Application Form. Refer to **Annexure A** and **Section 2.2(c)** for further information.

Other Offers

Only the relevant applicants referred to in **Section 2.3** can accept the Offers other than the Note Offer. Personalised Application Forms may be issued by the Company for those other Offers, together with a copy of this Prospectus. The Company will only provide those personalised Application Forms to the persons the Board determines are entitled to participate in those other Offers.

3.12 Powers of the Company in relation to Application Forms

There is no assurance that any applicant will be allocated any securities pursuant to the Offers, or the number of securities for which the applicant has applied. The Board may in its absolute discretion, without notice to any applicant and without giving any reason:

- (a) withdraw one or more of the Offers at any time before the issue of securities pursuant to the Offers to successful applicants;
- (b) decline an Application Form;
- (c) accept an Application Form for its full amount or any lower amount of securities applied for;
- (d) determine a person to be eligible or ineligible to participate in any part of the Offers;
- (e) waive or correct any errors made by an applicant in completing their Application Form;
- (f) amend or waive the Offers application procedures or requirements in compliance with applicable laws; or
- (g) aggregate any Application Forms that they believe may be multiple applications from the same person.

The Board's decision as to whether to treat an Application Form as valid and how to construe, amend or complete the Application Form is final.

3.13 Allocation policy

Note Offer

The allocation of Convertible Notes and Attaching Note Options pursuant to the Note Offer will be determined by the Board. The Board has absolute discretion regarding the basis of allocation of Convertible Notes and Attaching Note Options among applicants, subject to any arrangements with EverBlu (the Company's corporate adviser and lead manager to the Note Offer) or arrangements with other stockbrokers the Company may enter into during the Offer Period which contemplate a firm allocation of Shares.

As noted in **Sections 2.2(c)** and **3.11**, the Directors are more likely to accept Application Forms for Convertible Notes where the Early Repayment Election has been waived by the applicant ticking the relevant box on the Application Form.

The allocation policy will also be influenced by a range of factors, including:

- (a) the number of Convertible Notes and Attaching Note Options applied for by particular applicants;
- (b) the Company's desire for an informed and active trading market;
- (c) the Company's desire to establish a wide spread of institutional investors;
- (d) overall level of demand under the Note Offer;
- (e) the size and type of funds under management of particular applicants;
- (f) the likelihood that particular applicants will be long-term investors; and
- (g) other factors that the Board considers appropriate.

As disclosed in the notice of EGM, Convertible Notes and Attaching Note Options may be offered to one or more of EverBlu, its directors, clients, related entities, shareholders, principals, employees, consultants and associates (and associates of any of the above).

Where the number of Convertible Notes and Attaching Note Options issued is less than the number applied for by an applicant, or where no issue is made, surplus Application Monies will be refunded without any interest to the applicant as soon as practicable after the Closing Date.

There is no guaranteed allocation of Convertible Notes or Attaching Note Options under the Note Offer. The Company's decision on the number of Convertible Notes to be allocated to an applicant will be final.

No in-principle allocations have been made under the Note Offer.

No Convertible Notes or Attaching Note Options will be allocated to Directors or other related parties of the Company.

Other Offers

The Offers other than the Note Offer are specific offers made to the parties described in the relevant parts of **Section 2.1**.

As such, New Shares and Options under those other Offers will, subject to receipt of the relevant Shareholder approvals at the EGM for the issue of those securities, and subject to receipt of the relevant Application Forms for them, the Board's discretion and the terms of the Offers of those securities in this Prospectus, be allocated and issued to those parties (or their nominees acceptable to the Company) only.

3.14 Application Monies

The Company will hold Application Monies received in a special purpose bank account until Convertible Notes are issued to successful applicants pursuant to the Note Offer. Applicants whose Application Forms are not accepted, or who are allocated a lesser number of Convertible Notes than the amount applied for, will be sent a refund of all or part

of their Application Monies, as applicable. No refunds pursuant solely to rounding will be provided. Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by the Company.

4. GENERAL RISK FACTORS

As with any securities investment, there are risks associated with an investment in the Company. The numerous risk factors are both of a specific and a general nature. Some can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. **Section 2.2** and this **Section 4** identify the major areas of risk associated with an investment in the Company, but should not be taken as an exhaustive list of the risk factors to which the Company and its Shareholders and holders of Options and Convertible Notes will be exposed. Potential investors should read the entire Prospectus and the Company's ASX announcements and consult their professional advisor before deciding whether to apply for securities the subject of the Offers.

4.1 General Risks

(a) COVID-19

The global economic outlook is facing uncertainty due to the current COVID-19 pandemic which is impacting global capital markets. The Company has not been immune to the economic disruption caused by the pandemic. The Company is continuing to monitor and assess its operations and commercial activities in light of the COVID-19 pandemic. However, as the situation with respect to COVID-19 continues to develop (and various government restrictions in the countries where the Company has operations change), there can be no assurance that the Company will be able to mitigate any adverse effects of COVID-19 on its operations.

Further, the Company is ultimately exposed to the general economic conditions globally which could have an adverse effect on the operating and financial performance of the Company. A prolonged economic contraction as a result of COVID-19 and/or other factors could impact on the Company's ability to continue to meet its ongoing financial obligations and may affect the operations and performance of the Company.

(b) Investment risk

The New Shares, Convertible Notes and Options to be issued pursuant to the Offers should be considered speculative. It carries no guarantee as to payment of dividends, return of capital or the market value of the Shares. The prices at which an investor may be able to trade Shares fluctuate from time to time and no guarantee is forecast as to what price a Share may be traded for or whether it will be tradeable. There is no public market for the Convertible Notes or Options and they are not proposed to be listed on a public market in future. Further, there can be no guarantee that an active market in the Company's Shares will exist in the future.

Prospective investors must make their own assessment of the likely risks and determine whether an investment in the Company is appropriate to their own circumstances.

(c) Share market

Share market conditions may affect the value of the Company's securities regardless of the Company's operating performance. Share market conditions are affected by many factors including, but not limited to, the following:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital;
- (vi) terrorism or other hostilities; and
- (vii) other factors beyond the control of the Company.

(d) **Economic and government risks**

The future viability of the Company is also dependent on a number of other factors affecting performance of all industries and not just the technology industry including, but not limited to, the following:

- (i) general economic conditions in jurisdictions in which the Company operates;
- (ii) changes in government policies, taxation and other laws in jurisdictions in which the Company operates;
- (iii) the strength of the equity and share markets in Australia and throughout the world, and in particular investor sentiment towards the technology sector;
- (iv) movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the Company operates; and
- (v) natural disasters, social upheaval or war in jurisdictions in which the Company operates.

(e) **Taxation**

The acquisition and disposal of the New Shares, Convertible Notes or Options the subject of the Offers (and the conversion of Convertible Notes and Options into Shares) will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring the securities the subject of the Offers from a taxation point of view and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences of applying for the New Shares, Convertible Notes or Options under this Prospectus.

5. ADDITIONAL INFORMATION

5.1 Continuous disclosure obligations

As the Company is admitted to the Official List, the Company is a “disclosing entity” for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. Specifically, the Company is required, under the ASX Listing Rules (subject to certain limited exceptions), to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

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

By virtue of section 713 of the Corporations Act (including as modified by ASIC), the Company is entitled to issue a “transaction-specific” prospectus in respect of the Offers.

In general terms, a “transaction-specific prospectus” is required to contain information in relation to the effect of the issue of securities on the Company and the rights and liabilities attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position and performance, profits and losses or prospects of the issuing company.

As a disclosing entity under the Corporations Act, the Company states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report of the Company for the financial year ended 30 June 2019;
 - (ii) any half-year financial report of the Company lodged with ASIC after the lodgement of the annual financial report referred to in paragraph (i) above and before the lodgement of this Prospectus with ASIC; and
 - (iii) all continuous disclosure notices given by the Company after the lodgement of the annual financial report referred to in paragraph (i) above and before the lodgement of this Prospectus with ASIC (see below).

There is no information which has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules that investors or their professional advisers:

- (a) would reasonably require for the purpose of making an informed assessment of:

- (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (ii) the rights and liabilities attaching to the securities the subject of this Prospectus; and
- (b) would reasonably expect to find in this Prospectus.

This Prospectus contains information specific to the Offers.

5.2 Availability of other documents

ASX maintains records of company announcements for all companies listed on ASX. The Company's announcements may be viewed on the ASX website (<https://www.asx.com.au/asx/share-price-research/company/NET>).

If investors require further information in relation to the Company, they are recommended to inspect or obtain copies of the documents referred to above.

The following announcements have been lodged with the ASX in respect of the Company since the lodgement of the annual financial report for the year ended 30 June 2019.

Date	Title
9 September 2020	Final Director's Interest Notice
9 September 2020	Change of Director's Interest Notice x2
9 September 2020	Initial Director's Interest Notice x2
9 September 2020	Proposed issue of Securities - NET
8 September 2020	Board and Management Strengthened to Drive Growth
1 September 2020	Preliminary Final Report
27 August 2020	Netlinkz Enters India and New Global Markets with Natsoft
17 August 2020	Notice of General Meeting/Proxy Form
11 August 2020	Change of Director's Interest Notice
11 August 2020	Appendix 2A
11 August 2020	Proposed issue of Securities - NET
11 August 2020	Proposed issue of Securities - NET
11 August 2020	Proposed issue of Securities - NET
11 August 2020	Proposed issue of Securities - NET
11 August 2020	Cleansing Prospectus
31 July 2020	Quarterly Activities Report and Appendix 4C
31 July 2020	Reinstatement to Official Quotation
31 July 2020	Netlinkz to Raise up to \$18m to Strengthen Balance Sheet
21 July 2020	Voluntary Suspension Update
6 July 2020	Voluntary Suspension Update

1 July 2020	ASX determination in relation to Listing Rule 7.1
29 June 2020	Voluntary Suspension Update
24 June 2020	Voluntary Suspension Update
19 June 2020	Voluntary Suspension
15 June 2020	Trading Halt
12 June 2020	Additional Information to Announcement of 28 May 2020
12 June 2020	S&P DJI Announces June 2020 Quarterly Rebalance
28 May 2020	iLinkAll and M-Soft Partnership with AI Data Innovation
28 May 2020	Pause in trading
22 May 2020	Investor Presentation
24 April 2020	Capital Raising Mandate Update
23 April 2020	Appointment of Chief Financial Officer
23 April 2020	Appendix 4C – quarterly
21 April 2020	Company Secretary Appointment/Resignation
21 April 2020	Final Director's Interest Notice
21 April 2020	Director Resignation
21 April 2020	Director Appointment
21 April 2020	Initial Director's Interest Notice
16 April 2020	Appendix 2A
14 April 2020	Business Update & Guidance Maintained
14 April 2020	Final Director's Interest Notice
14 April 2020	Director Appointment/Resignation
9 April 2020	Reinstatement to Official Quotation
9 April 2020	Response to ASX Query Letter
9 April 2020	Netlinkz acquires AoFa Engineering (Shanghai) Co Ltd
13 March 2020	Response to ASX Aware Query
4 March 2020	Suspension from Official Quotation
3 March 2020	Disclosure Document - S708A Cleansing Statement
3 March 2020	Appendix 2A
3 March 2020	Replacement change of Director's Interest Notice
3 March 2020	Change of Director's Interest Notice
28 February 2020	Half Year Accounts
27 February 2020	iLinkAll signs RMB 1m contract with Pinnacle (Shanghai) Info
25 February 2020	Trading Halt
25 February 2020	Pause in Trading
20 February 2020	Replacement Appendix 2A

20 February 2020	Issue of unlisted Options
20 February 2020	Disclosure Document - S708A Cleansing Statement
20 February 2020	Appendix 2A
20 February 2020	NET subsidiary iLinkAll VSN implementation & supply agreement
20 February 2020	Pause in Trading
18 February 2020	Appendix 2A
14 February 2020	Proposed issue of Securities - NET
14 February 2020	NET VSN selected by Beijing Municipal Bureau of Economics
14 February 2020	Netlinkz completes \$4.5m equity placement
12 February 2020	Trading Halt
11 February 2020	Appendix 3G
3 February 2020	KPMG Assurance Report issued to NET Board of Directors
31 January 2020	Appendix 2A
31 January 2020	Quarterly Cash Flow Report and Commentary
23 January 2020	Disclosure Document – S708 Cleansing Statement
23 January 2020	Appendix 2A
23 January 2020	Appendix 2A
23 January 2020	Appendix 2A
15 January 2020	Appendix 2A
8 January 2020	NET completes acquisition of Security Software International
6 January 2020	Replacement Appendix 2A
30 December 2019	Appendix 2A
27 December 2019	Appendix 2A
24 December 2019	Disclosure Document - Cleansing statement
24 December 2019	Appendix 3B
24 December 2019	Disclosure Document - Convertible Note Cleansing Statement
24 December 2019	Appendix 3B
24 December 2019	Netlinkz secures \$30.75m Funding
24 December 2019	Pause in trading
20 December 2019	Disclosure Document - Cleansing Statement
20 December 2019	Appendix 2A
16 December 2019	Appendix 2A
16 December 2019	NET revises its 2020 year revenue forecast up by 50% to \$15m
16 December 2019	Netlinkz agreement with iSoftStone for it to own 80% of JV
12 December 2019	Cleansing Notice

12 December 2019	Appendix 2A
12 December 2019	Appointment of Michael Beck as Non-Executive Director
12 December 2019	Initial Director's Interest Notice
11 December 2019	Appendix 2A
10 December 2019	Netlinkz upsizes equity raise to \$4m
10 December 2019	NET appoints Masamichi Tanaka as Advisory Board Member
5 December 2019	Reinstatement to Official Quotation
5 December 2019	Netlinkz finalises A\$3.25 million equity issue
2 December 2019	Suspension from Official Quotation
27 November 2019	Trading Halt
27 November 2019	Initial Director's Interest Notice
27 November 2019	Final Director's Interest Notice
27 November 2019	Director Appointment/Resignation
27 November 2019	Results of Annual General Meeting
27 November 2019	Chairman's Address to Shareholders
26 November 2019	Final Director's Interest Notice
26 November 2019	Director Resignation
7 November 2019	Onyx Projects embarking on a full-scale NetLinkz VIN pilot
31 October 2019	Appendix 3B
31 October 2019	Appendix 4C – quarterly
31 October 2019	Revenue Forecast 12 Months ended 31 December 2020 - \$10.1m
31 October 2019	Pause in Trading
30 October 2019	Initial Director's Interest Notice
25 October 2019	Notice of Annual General Meeting/Proxy Form
25 October 2019	Director Appointment
23 October 2019	NET agreement to acquire Security Software International
23 October 2019	Pause in Trading
22 October 2019	Details of Company Address - change of Registered Office
21 October 2019	Initial Director's Interest Notice
21 October 2019	NET appoints Ian Renwood as Non-Executive Director
18 October 2019	Australian rollout of the VIN with DI Advisory Services
15 October 2019	Appendix 3B
2 October 2019	Netlinkz announces First Pilot underway in Sydney IoT Lab
18 September 2019	NetLinkz to establish an IoT Laboratory in Tokyo, Japan
9 September 2019	Appendix 3B

2 September 2019	Disclosure Document - Cleansing Prospectus
2 September 2019	Appendix 3B
30 August 2019	Appendix 4G - Corporate Governance
30 August 2019	Preliminary Final Report
30 August 2019	NET IoT Lab awarded the Innovative Cloud Service Platform

5.3 Working capital loans

As announced to the market on 31 July 2020, EverBlu facilitated the advancement of funds of \$1.6 million to the Company by way of unsecured working capital loans, provided by Atlantic Capital Group Pty Ltd (an entity controlled by Adam Blumenthal, a director of EverBlu). The terms of these loans are a loan term of three months from drawdown, at an interest rate of 5% per 3 months, and repayable in cash. EverBlu will not be paid any fees in connection with the facilitation of these loans. These working capital loans were used to fund the initial payments due to Lind and CST pursuant to the Termination Deeds, further details of which are set out in **Section 3.2** of this Prospectus. For further details please refer to the Company's announcement of 31 July 2020.

In addition to the above, EverBlu facilitated the advancement of funds of \$1.25 million to the Company by way of further unsecured loans, provided by Atlantic Capital Group Pty Ltd (an entity controlled by Adam Blumenthal, a director of EverBlu). The terms of these loans are a loan term of three months from drawdown, at an interest rate of 5% per 3 months, and repayable in cash. EverBlu will not be paid any fees in connection with the facilitation of these loans. These working capital loans were used to fund the working capital requirements of the business.

5.4 Dividend policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company. No forecast is made of such matters. Refer also to the risk factor in **Section 2.2(b)**.

5.5 Rights and liabilities attaching to the Shares

The following is a general description of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive. Full details of provisions relating to rights attaching to the Shares are contained in the Corporations Act, ASX Listing Rules and the Constitution (a copy of which is available for inspection at the Company's registered office during normal business hours).

(a) Ranking of Shares

At the date of this Prospectus, all Shares are of the same class and rank equally in all respects. Specifically, the New Shares to be issued pursuant to this Prospectus will rank equally with the Company's existing Shares.

(b) Voting rights

Subject to any rights or restrictions, at general meetings:

- every Shareholder present and entitled to vote may vote in person or by attorney, proxy or representative; and
- has one vote on a show of hands; or
- has one vote for every Share held (and for each partly paid share held, a fraction of a vote equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable, whether or not called (excluding amounts credited), on the share), upon a poll.

(c) **Dividend rights**

Subject to the rights of persons (if any) entitled to shares with special rights as to dividends, all fully paid Shares on which any dividend is declared or paid, are entitled to participate in that dividend equally and each partly paid share is entitled to a fraction of the dividend declared or paid on a fully paid Share of the same class, equivalent to the proportion which the amount paid (not credited) on the share bears to the total amounts paid and payable, whether or not called, (excluding amounts credited) on the share. Interest is not payable by the Company on a dividend.

Shareholders may be paid interim dividends (including bonuses) at the discretion of the Directors. The Directors may set aside a sum out of the profits of the Company, as reserves, before declaring a dividend or determining to pay a dividend.

(d) **Variation of rights**

The rights attaching to the Shares may only be varied by the consent in writing of the holders of three-quarters of the Shares, or with the sanction of a special resolution passed at a general meeting.

(e) **Transfer of Shares**

Shares can be transferred upon delivery of a proper instrument of transfer to the Company. Subject to the fact that the Company may participate in any computerised or electronic system for market settlement, securities transfer and registration (as described below), the instrument of transfer must be in writing, in any usual or common form, or any other form approved by the Directors, and signed by the transferor or (where the Corporations Act permits) stamped by the transferor's broker and unless the Directors decide otherwise, the transferee or (where the Corporations Act permits) stamped by the transferee's broker.

The Company may participate in any computerised or electronic system for market settlement, securities transfer and registration conducted in accordance with the Corporations Act, the ASX Listing Rules and the CS Facility Rules, or corresponding laws or securities exchange rules in any other country. If the Company participates in such a system, then despite any other provisions of the Company's Constitution, Shares may be transferred, and transfers may be registered, in any manner required or permitted by the ASX Listing Rules or the CS Facility Rules (or corresponding laws or securities exchange rules in any other country) applying in relation to the system, the Company must comply with and give effect to those rules, and the Company may, in accordance with those rules, decline to issue certificates for holdings of Shares.

Except as required by the CS Facility Rules, until the transferee has been registered, the transferor is deemed to remain the holder.

The Board may refuse to register a transfer of shares upon which the Company has a lien.

(f) **General meetings**

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

The Directors may convene a general meeting at their discretion and must call annual general meetings in accordance with the Corporations Act, to be held by the Company at times to be determined by the Directors.

(g) **Unmarketable parcels**

The Company's Constitution provides for the sale of unmarketable parcels subject to any applicable laws and provided a notice is given to the minority Shareholders stating that the Company intends to sell their relevant Shares unless an exemption notice is received by a specified date.

(h) **Rights on winding up**

If the Company is wound up, the liquidator may with the sanction of a special resolution, divide in kind all or any of the assets of the Company amongst Shareholders and for that purpose, determine how he or she will carry out the division between the different classes of Shareholders, but may not require a Shareholder to accept any shares or other securities in respect of which there is any liability.

5.6 Rights and liabilities attaching to Attaching Note Options

Term	Detail
Exercise Price	The exercise price for the Options will be \$0.10 per Option.
Entitlement on exercise	Each Option entitles the holder to subscribe for one Share.
Expiry Date	Each Option will expire 24 months after it is issued (Expiry Date).
Period of exercise	Options may be exercised at any time prior to the Expiry Date. Any Options not exercised by the Expiry Date will automatically lapse.
Conversion	Exercise of an Option is subject to the Corporations Act, the Listing Rules and the Constitution and any approvals of Shareholders required under those laws and the Constitution.
How to exercise an Option	To exercise, the holder is required to deliver a duly completed notice of exercise to the Company at any time prior to the Expiry Date accompanied by the full payment of the Exercise Price.
Ranking	Shares issued on exercise of the Options will rank equally with all existing Shares.
Quotation	The Company may seek to obtain quotation of the Options, but otherwise they will not be quoted.
Transferability	The Options will be transferable (subject to compliance with all applicable laws and the ASX Listing Rules).
Reconstruction of capital	If at any time the issued capital of the Company is reconstructed (including consolidation, subdivision, reduction or return of capital), all rights of a holder of Options are to be changed to the extent necessary in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
Participation in new issues	There are no participation rights or entitlements inherent in the Options and holders of Options will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
Change in Exercise Price/number of underlying ordinary shares	If there is a bonus issue to Shareholders, the number of ordinary Shares over which an Option is exercisable may be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
Alteration of Option Terms	The Exercise Price and the one-for-one exercise ratio are fixed for the life of the Options subject to reconstruction under these Option Terms, the Listing Rules and the Corporations Act.

5.7 Rights and liabilities attaching to Options under the BJS Offer

Term	Detail
Exercise Price	The exercise price for the Options will be \$0.06 per Option.
Entitlement on exercise	Each Option entitles the holder to subscribe for one Share.
Expiry Date	Each Option will expire two years after it is issued (Expiry Date).
Period of exercise	Options may be exercised at any time prior to the Expiry Date. Any Options not exercised by the Expiry Date will automatically lapse.
Conversion	Exercise of an Option is subject to the Corporations Act, the Listing Rules and the Constitution.
How to exercise an Option	To exercise, the holder is required to deliver a duly completed notice of exercise to the Company at any time prior to the Expiry Date accompanied by the full payment of the Exercise Price.
Ranking	Shares issued on exercise of the Options will rank equally with all existing Shares.
Quotation	The Options will not be quoted.
Transferability	The Options will not be transferable.
Reconstruction of capital	If at any time the issued capital of the Company is reconstructed (including consolidation, subdivision, reduction or return of capital), all rights of a holder of Options are to be changed to the extent necessary in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
Participation in new issues	There are no participation rights or entitlements inherent in the Options and holders of Options will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
Change in Exercise Price/number of underlying ordinary shares	If there is a bonus issue to Shareholders, the number of ordinary Shares over which an Option is exercisable may be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
Alteration of Option Terms	The Exercise Price and the one-for-one exercise ratio are fixed for the life of the Options subject to reconstruction under these Option Terms, the Listing Rules and the Corporations Act.

5.8 Rights and liabilities attaching to Options under the Tanaka Offer

Term	Detail
Exercise Price	The exercise price for the Options will be \$0.16 per Option.
Entitlement on exercise	Each Option entitles the holder to subscribe for one Share.
Expiry Date	Each Option will expire three years after it is issued (Expiry Date).
Period of exercise	Options may be exercised at any time prior to the Expiry Date. Any Options not exercised by the Expiry Date will automatically lapse.
Conversion	Exercise of an Option is subject to the Corporations Act, the Listing Rules and the Constitution.
How to exercise an Option	To exercise, the holder is required to deliver a duly completed notice of exercise to the Company at any time prior to the Expiry Date accompanied by the full payment of the Exercise Price.
Ranking	Shares issued on exercise of the Options will rank equally with all existing Shares.
Quotation	The Options will not be quoted.
Transferability	The Options will not be transferable.
Reconstruction of capital	If at any time the issued capital of the Company is reconstructed (including consolidation, subdivision, reduction or return of capital), all rights of a holder of Options are to be changed to the extent necessary in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
Participation in new issues	There are no participation rights or entitlements inherent in the Options and holders of Options will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
Change in Exercise Price/number of underlying ordinary shares	If there is a bonus issue to Shareholders, the number of ordinary Shares over which an Option is exercisable may be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
Alteration of Option Terms	The Exercise Price and the one-for-one exercise ratio are fixed for the life of the Options subject to reconstruction under these Option Terms, the Listing Rules and the Corporations Act.

5.9 Interests of Directors, experts and advisors

- (a) Other than as set out below or elsewhere in this Prospectus, no:
- (i) Director or proposed Director;
 - (ii) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
 - (iii) promoter of the Company; or
 - (iv) financial services licensee named in this Prospectus as a financial services licensee involved in the Offers,

holds, or has held within 2 years before the date of this Prospectus, any interest in the Offers or in the formation or promotion of, or in any property acquired or proposed to be acquired by, the Company in connection with its formation or promotion or the Offers.

- (b) Other than as set out in **Section 5.10** or elsewhere in the Prospectus, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:
- (i) to a Director or proposed Director to induce him to become, or to qualify him as, a director of the Company; or
 - (ii) for services provided in connection with the formation or promotion of the Company or the Offers by any Director or proposed Director, any person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, any promoter of the Company, or any underwriter or financial services licensee named in this Prospectus as an underwriter or financial services licensee involved in the Offers.

5.10 Details of interests

(a) Directors' security holdings

The relevant interests of Directors in securities of the Company as at the date of this Prospectus and which may arise if Shareholders approve further issues of securities to the Directors at the 2020 AGM are as follows:

Director	Security
James Tsiolis	<p>88,170,538 Shares, being:</p> <ul style="list-style-type: none"> • 16,875,000 Shares held by James Tsiolis in his personal capacity; • 60,325,000 Shares held by Alpha First Pty Ltd, of which James Tsiolis is a shareholder, beneficiary and director; • 9,858,038 Shares held by Strategic Capital Management Ltd, of which James Tsiolis is a shareholder, beneficiary and director; and • 1,112,500 Shares held by Macquarie Investment Management Ltd as trustee for the J&V Tsiolis Superfund, of which Mr Tsiolis is a beneficiary. <p>2,250,000 Unlisted NETO27 Options (exercisable at \$0.045 expiring on 2 July 2021), all of which are held by Strategic Capital Management Ltd, of which James Tsiolis is a shareholder, beneficiary and director.</p> <p>2,250,000 Unlisted NETO28 Options (exercisable at \$0.09 expiring on 2 July 2021), all of which are held by Strategic Capital Management Ltd, of which James Tsiolis is a shareholder, beneficiary and director.</p> <p>1,500,000 Unlisted NETO29 Options (exercisable at \$0.15 expiring on 2 July 2021), all of which are held by Strategic Capital Management Ltd, of which James Tsiolis is a shareholder, beneficiary and director.</p> <p>In addition to the above, the Company has agreed, subject to Shareholder approval to be sought at the Company's upcoming 2020 AGM, to issue to Mr Tsiolis 20,000,000 Shares in respect of equity incentives due to him under his Executive Services Agreement, for the financial year ended 30 June 2018.</p>
Hualin Zhang	<p>The right, subject to Shareholder approval to be sought at the Company's upcoming 2020 AGM, to be issued 10,000,000 unlisted Options in the following tranches:</p> <ol style="list-style-type: none"> a) 2,500,000 Options with an exercise price of \$0.10 each; b) 2,500,000 Options with an exercise price of \$0.15 each; c) 2,500,000 Options with an exercise price of \$0.20 each; and d) 2,500,000 Options with an exercise price of \$0.25 each. <p>Each Option will have an expiry date of 1 September 2023. Refer to Section 3.9 of this Prospectus for additional information on the terms of these Options.</p>
Bruce Rathie	<p>The right, subject to Shareholder approval to be sought at the Company's upcoming 2020 AGM, to be issued 10,000,000 unlisted Options in the following tranches:</p> <ol style="list-style-type: none"> a) 2,500,000 Options with an exercise price of \$0.10 each; b) 2,500,000 Options with an exercise price of \$0.15 each; c) 2,500,000 Options with an exercise price of \$0.20 each; and d) 2,500,000 Options with an exercise price of \$0.25 each. <p>Each Option will have an expiry date of 1 September 2023. Refer to Section 3.9 of this Prospectus for additional information on the terms of these Options.</p>
Geoff Raby	<p>The right, subject to Shareholder approval to be sought at the Company's upcoming 2020 AGM, to be issued 10,000,000 unlisted Options in the following tranches:</p> <ol style="list-style-type: none"> a) 2,500,000 Options with an exercise price of \$0.10 each;

Director	Security
	b) 2,500,000 Options with an exercise price of \$0.15 each; c) 2,500,000 Options with an exercise price of \$0.20 each; and d) 2,500,000 Options with an exercise price of \$0.25 each. Each Option will have an expiry date of 1 September 2023. Refer to Section 3.9 of this Prospectus for additional information on the terms of these Options.
James Stickland	The right, subject to Shareholder approval to be sought at the Company's upcoming 2020 AGM, to be issued 10,000,000 unlisted Options in the following tranches: a) 2,500,000 Options with an exercise price of \$0.10 each; b) 2,500,000 Options with an exercise price of \$0.15 each; c) 2,500,000 Options with an exercise price of \$0.20 each; and d) 2,500,000 Options with an exercise price of \$0.25 each. Each Option will have an expiry date of 1 September 2023. Refer to Section 3.9 of this Prospectus for additional information on the terms of these Options.

(b) **Director's remuneration**

As an executive Director, Mr James Tsiolis is paid \$720,000 per annum (**Base Salary**) plus statutory superannuation and an insurance allowance of \$40,000 per annum. Mr Tsiolis is also entitled, subject to Company performance and relevant board and shareholder approval, to an annual bonus entitlement of 200% of his Base Salary, payable in Shares. No bonus award or determination has been made by the Board in respect of the last two financial years. As announced in April 2020, certain Directors and executives of the Company have accepted reductions to their base salaries of 50% for a period of six months. Mr Tsiolis' Base Salary is therefore \$360,000 per annum until 1 November 2020 (pro rata for that period).

As a non-executive Director, Mr Bruce Rathie is paid \$150,000 in director fees per annum. As mentioned above, Mr Rathie has accepted a salary cut of 50% until 21 October 2020, during which time he will be paid \$75,000 per annum (pro rata for that period).

As an Executive Director, Mr Hualin Zhang is paid \$150,000 per annum. As mentioned above, Mr Zhang has accepted a salary cut of 50% until 1 October 2020, during which time he will be paid \$75,000 per annum (pro rata for that period).

As a non-executive Director, Mr Geoff Raby is paid \$90,000 in director fees per annum.

As a non-executive Director, Mr James Stickland is paid \$90,000 in director fees per annum.

(c) **Related party arrangements**

For the year ended 30 June 2020, \$47,246.33 was paid to Strategic Capital Management Ltd (of which Mr James Tsiolis is a Director) as a refund of an amount erroneously paid to the Company. For the year ended 30 June 2020, \$22,000 has been paid to Alpha First Pty Ltd (of which Mr James Tsiolis is a Director) for provision of a credit line to the business. The Company has agreed to pay an amount of \$20,000 per annum (plus GST) to Alpha First Pty Ltd for the financial year ended 30 June 2021 for provision of a credit line to the business.

(d) **EverBlu arrangements**

EverBlu is engaged to act as the Company's corporate adviser and lead manager in relation to the Note Offer. In consideration for those services, the Company is proposing to issue up to 18,620,690 EverBlu Shares to EverBlu or its nominees, subject to the approval of Shareholders at the EGM. The actual number of EverBlu Shares to be issued to EverBlu or its nominees will be pro-rated to reflect the percentage of A\$18 million which is borrowed by the Company pursuant to the Note Offer (excluding the 10% discount to the face value of the Convertible Notes referred to at **Section 2.1(a)**).

As set out in the announcement released to the market on 24 April 2020, on 18 November 2019, the Company entered into a capital raising mandate with EverBlu (**EverBlu Mandate**), pursuant to which EverBlu has been entitled to the following fees:

- i. an initial monthly retainer fee of \$10,000 (plus GST) which increased to \$25,000 (plus GST) after the first successful debt and/or equity capital raising (which was announced on 10 December 2019) until the end of the EverBlu Mandate term;
- ii. a 6% fee on the gross proceeds raised under a transaction (comprising a 4% capital raising fee and a 2% management fee); and
- iii. the issue of the following securities on signing of the EverBlu Mandate:
 - A. 1,000,000 Shares (issued on 12 December 2019);
 - B. 20,000,000 unlisted Options exercisable at \$0.20 each and 20,000,000 Options exercisable at \$0.25 each, each expiring 3 years from the date of issue. EverBlu and the Company subsequently agreed that these Options would not be issued; and
- iv. the following securities on completion of each debt and/or equity capital raising:
 - A. 1 Share for every \$2 raised under a capital raising; and
 - B. 1 Option for every \$4 raised under a capital raising, with the exercise price to be a 100% premium to the share issue price at the time of issuance (or as negotiated at the time of each transaction).

Total fees and benefits paid or given to EverBlu in the past two years are as follows:

Date	Description	Number of Shares	Number of Options	Cash
21 November 2019	Research services fee	133,500	-	\$1,500
29 November 2019	Monthly retainer for November 2019	-	-	\$11,000
6 December 2019	Monthly retainer for December 2019	-	-	\$27,500
6 December 2019	Capital raising fee for capital raising announced on 5 December 2019	-	-	\$201,800 ¹
12 December 2019	Shares issued to EverBlu for capital raising announced on 10 December 2019 and pursuant to EverBlu Mandate – See Appendix 2A dated 12 December 2019 ¹	3,000,000 ²	-	-
1 January 2020	Monthly retainer for January 2020	-	-	\$27,500
16 January 2020	Monthly retainer for February 2020	-	-	\$27,500
23 January 2020	Shares issued to EverBlu for capital raising announced on 24 December 2019 – See Appendix 2A dated 23 January 2020	9,612,505 ³	-	-
23 January 2020	Shares issued to EverBlu in lieu of other advisory fees – See Appendix 2A dated 23 January 2020	2,403,120 ^{4 8}	-	-
23 January 2020	Shares issued to EverBlu in lieu of research services fee – See Appendix 2A dated 23 January 2020	115,385 ^{5 8}	-	\$1,500 ⁸
20 February 2020	Shares issued to EverBlu for capital raising announced on 14 February 2020 – See Appendix 2A dated 20 February 2020	7,044,230 ⁶	1,250,000 ⁶	-
20 February 2020	Shares issued to EverBlu in lieu of other advisory fees – See Appendix 2A dated 20 February 2020	9,350,000 ^{7 8}	-	-
1 March 2020	Monthly retainer for March 2020	-	-	\$27,500
1 April 2020	Monthly retainer for April 2020	-	-	\$27,500
7 May 2020	Corporate advisory services for May 2020	-	-	\$110,000
Total fees paid to EverBlu for the period two years prior to the date of this Prospectus		31,658,740	1,250,000	\$314,800

Notes:

- Capital raising fee associated with the \$3.25m raising announced on 5 December 2019 (and increased to \$4m as announced on 10 December 2019) comprising a 2% management fee applied to \$2.3m = \$50,600 for investors not introduced by EverBlu, 6% (comprising 2% management fee and 4% capital raising fee) applied to \$1.7m = \$112,200 for investors introduced by EverBlu and GST of \$39,000 (paid in cash) from issue of 3m Shares at \$0.13 per Share. All figures are GST inclusive.
- This comprises 2,000,000 Shares in respect of the \$4m capital raising announced on 10 December 2019 on the basis of 1 Share for every \$2 raised and 1,000,000 Shares issued on signing of the EverBlu Mandate.

3. These are the Shares issued in connection with fees associated with the \$8m capital raising announced on 24 December 2019, comprising 4,800,000 Shares in respect of the 6% capital raising fee of \$528,000 settled in Shares at \$0.11 per share and 4,812,505 Shares as a success fee (inc GST) at \$0.11 per share on the basis of 1 share for every \$2 raised.
4. \$264,343 of advisory fees settled through the issue of 2,403,120 Shares at \$0.11 per share. The advisory fees related to the investor relations initiatives and market segment research and marketing services provided by EverBlu. These advisory services were provided outside the scope of the EverBlu Mandate and were required by NetLinkz as it required independent expertise for the provision of these services. On 23 January 2020, Netlinkz' Share price was \$0.125 per Share.
5. \$15,000 of research fees settled through the issue of 115,385 Shares at an issue price of \$0.13 per share. The research fees were outside the scope of the EverBlu Mandate and related to a research note prepared by EverBlu. NetLinkz paid the research fee to EverBlu to produce the research note as part of NetLinkz's investor relations activities. On 23 January 2020, Netlinkz' Share price was \$0.125 per Share.
6. These are the Shares issued in connection with fees associated with the \$4.5m capital raising announced on 14 February 2020, comprising 4,569,230 Shares in respect of the 6% capital raising fee of \$297,000 settled in Shares at \$0.065 per share and 2,475,000 Shares (inc GST) and 1,250,000 options as a success fee at \$0.065 per share on the basis of 1 share for every \$2 raised and 1 option for every \$4 raised. On 20 February 2020, Netlinkz' Share price was \$0.066 per Share.
7. \$607,750 of advisory fees settled through the issue of 9,350,000 Shares at \$0.065 per share. The advisory fees related to the corporate transaction advisory services, opportunity analysis and investor relations services provided by EverBlu. These advisory services were provided outside the scope of the EverBlu Mandate and were required by NetLinkz as it required independent expertise for the provision of these services.
8. These fees were paid to EverBlu outside of the scope of the EverBlu Mandate and were not previously announced by NetLinkz.
9. All amounts quoted in the above table are inclusive of GST.

(e) **Other**

James Tsiolis, a director of the Company, is also a shareholder (through entities in relation to which he is a director or shareholder) and director of Strategic Capital Management Ltd. Another director of Strategic Capital Management Ltd holds 5,500,000 Shares. Mr Tsiolis and the other shareholder of Strategic Capital Management Ltd are not associates in relation to the Company as defined in the Corporations Act and therefore Mr Tsiolis does not have a relevant interest in that shareholder's Shares.

5.11 Market Prices of Shares on ASX

The highest and lowest closing market sale prices of the Company's Shares on ASX during the twelve (12) months immediately preceding the date of this Prospectus and the respective dates of those highest and lowest closing market sale prices were A\$0.18 on 14 October 2019, 18 September 2019 and 24 September 2019 and A\$0.036 on 22, 25 and 26 May 2020.

The latest available market sale price of the Company's Shares on ASX at the close of trading on 15 September 2020 (the date prior to the date of this Prospectus) was A\$0.075.

Investors are cautioned that historical Share trading prices are no guide as to future prices and the Directors make no forecast of future Share prices.

The Convertible Notes and the Options will not be in a class of quoted securities and therefore there is no sale price history for the Convertible Notes or Options.

5.12 Consents

(a) **Consenting parties**

Computershare Investor Services Pty Limited has given and has not, before lodgement of this Prospectus, withdrawn its written consent to be named in this Prospectus as share registry to the Company in respect of the Offers in the form and context in which it is named.

BDO Audit (WA) Pty Ltd has given and has not, before lodgement of this Prospectus, withdrawn its written consent to be named in this Prospectus as auditor to the Company in respect of the Offers in the form and context in which it is named.

EverBlu Capital Pty Ltd has given and has not, before lodgement of this Prospectus, withdrawn its written consent to be named in this Prospectus as lead manager and corporate advisor to the Company in respect of the Note Offer in the form and context in which it is named.

(b) **Basis of consents**

Each of the persons named as providing consents above:

- (i) did not authorise or cause the issue of this Prospectus;
- (ii) does not make, or purport to make, any statement in this Prospectus nor is any statement in this Prospectus based on any statement by any of those parties other than as specified in this **Section 5.12**; and
- (iii) to the maximum extent permitted by law, expressly disclaims any responsibility or liability for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with the consent of that party as specified in this **Section 5.12**.

5.13 Estimated expenses of the Offers

The total estimated expenses of the Offers including legal fees, ASX and ASIC fees and other miscellaneous expenses are estimated to be \$82,502 (exclusive of GST).

5.14 Litigation

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

5.15 Governing law

The information in this Prospectus, the Offers, and the contracts formed on acceptance of the Application Forms by the Company are governed by the law applicable in New South Wales, Australia. Any person who applies for any of the Shares, Convertible Notes or Options the subject of the Offers submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

6. DIRECTORS' AUTHORISATION

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

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

7. DEFINITIONS

Definitions used in this Prospectus are as follows:

2020 AGM has the meaning given to that term in **Section 3.4**.

AOFA means AoFa Software Engineering (Shanghai) Co., Ltd.

Appendix 4E means the Company's Appendix 4E Preliminary Final Report and commentary and attaching financial statements which the Company announced to the ASX on 1 September 2020.

Application Form means an application form attached to or accompanying this Prospectus.

Application Monies means the amount of money in dollars and cents payable to the Company as the subscription price for the Convertible Notes pursuant to the Note Offer.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires.

ASX Listing Rules means the official listing rules of ASX, as amended or waived from time to time.

Attaching Note Options has the meaning given to that term in **Section 2.1(a)**.

BJJ means BJJ Robb Pty Ltd ACN 126 153 811.

BJJ Engagement has the meaning given to that term in **Section 3.3**.

BJJ Offer has the meaning given to that term in **Section 2.1(b)**.

Board means the board of Directors of the Company from time to time.

CHESS means ASX Clearing House Electronic Sub-register System.

Closing Date means the date that the Offers close which is 5.00pm (Sydney time) on 2 October 2020 or such other time and date as the Directors determine.

Company or **Netlinkz** means Netlinkz Limited ACN 141 509 426.

Constitution means the constitution of the Company.

Convertible Notes has the meaning given to that term in **Section 2.1(a)**.

Corporations Act means the *Corporations Act 2001* (Cth).

CS Facility Rules means the operating rules of an applicable CS facility licensee.

CST means CST Capital Pty Ltd ACN 628 583 700 as trustee for the CST Investments Fund.

CST Shares has the meaning given to that term in **Section 3.1**.

Director means a director of the Company.

EGM means the extraordinary general meeting of the Company's members to be held on 17 September 2020, notice of which was published on the ASX Market Announcements Platform on 17 August 2020.

EverBlu means EverBlu Capital Pty Ltd ACN 612 793 683.

EverBlu Shares has the meaning given to that term in **Section 3.1**.

Exposure Period has the meaning given in the Important Information section of this Prospectus.

First Convertible Notes has the meaning given in **Section 3.9**.

FY2019 means the financial year ended 30 June 2019.

FY2020 means the financial year ended 30 June 2020.

Group means the Company and its Related Bodies Corporate.

Helicopter means Helicopter Creative Pty Ltd ACN 609 138 589.

Helicopter Offer has the meaning given to that term in **Section 2.1(e)**.

iLinkAll means Beijing iLinkAll Science and Technology Co. Ltd.

IoT means internet of things.

Lind means Lind Global Macro Fund, LP.

Lind Shares has the meaning given to that term in **Section 3.1**.

Listing Rules means the official listing rules of ASX, as amended or waived from time to time.

New Shares has the meaning given to that term in **Section 1**.

Note Offer has the meaning given to that term in **Section 2.1**.

Offers has the meaning given to that term in **Section 2.1**.

Official List means the official list of the ASX.

Official Quotation means official quotation on the ASX.

Opening Date means the first date for receipt of completed Application Forms which is 9:00am (Sydney time) on 24 September 2020 or such other time and date as the Directors determine.

Option means an option to subscribe for a Share.

PRC Company Law means the Company Law of the People's Republic of China.

Prospectus means this prospectus.

Prospectus Date means 16 September 2020.

Related Body Corporate has the meaning given to that term by the Corporations Act.

RMB means renminbi, the currency of China.

SDA has the meaning given to that term in **Section 3.6**.

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

Share Registry means Computershare Investor Services Pty Limited ABN 48 078 279 277.

Shareholder means a holder of one or more Shares.

SPCSAs has the meaning given to that term in **Section 3.2**.

Systemic means Systemic Pty Ltd ACN 082 734 718.

Systemic Deed has the meaning given to that term in **Section 3.6**.

Systemic Offer has the meaning given to that term in **Section 2.1(d)**.

Tanaka means Masamichi Tanaka.

Tanaka Employment Agreement has the meaning given to that term in **Section 3.4**.

Tanaka Engagement has the meaning given to that term in **Section 3.4**.

Tanaka Offer has the meaning given to that term in **Section 2.1(c)**.

Termination Deeds has the meaning given to that term in **Section 3.2**.

Annexure A – Rights and liabilities of the Convertible Notes

1. Interpretation and definitions

Unless the context otherwise requires:

A\$ means Australian Dollars.

Appendix 2A has the meaning given to that term in the Listing Rules.

ASIC means the Australian Securities and Investment Commission.

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

ASX Listing Rules or **Listing Rules** means the official listing rules of ASX.

Bonus Issue has the meaning given to that term in the Listing Rules.

Bonus Securities means Securities issued under a Bonus Issue.

Business Day means a day (other than a Saturday or Sunday) on which banks are open for general business in Sydney, New South Wales.

Change of Control Event means, in respect of the Company:

- (a) a court approval of a merger by way of scheme of arrangement (but shall not include a merger by way of scheme of arrangement for the purposes of a corporate restructure (including change of domicile, consolidation, sub-division, reduction or return of the issued capital of the Company)); or
- (b) a Takeover Bid:
 - (i) is announced;
 - (ii) has become unconditional; and
 - (iii) the person making the Takeover Bid has a Relevant Interest in 50% or more of the Shares.

Cleansing Prospectus means a disclosure document issued by the Company pursuant to section 708A(11) of the Corporations Act, so as to ensure that an offer for sale of Shares after the date of the disclosure document does not require disclosure to investors under Part 6D.2 of the Corporations Act.

Cleansing Statement means a written notice issued by the Company pursuant to section 708A(5)(e) of the Corporations Act at a time when the Company and the Shares comply with the matters set out in sections 708A(5)(a) to (d) of the Corporations Act, which notice meets the requirements of section 708A(6) of the Corporations Act, and is in a form, and contains the required information, that is sufficient to permit secondary trading on the ASX of the Shares to which it relates.

Company means NetLinkz Limited ACN 141 509 426.

Constitution means the constitution of the Company.

Conversion means the conversion of the Convertible Notes into Shares under the Note Conditions, and **Convert** and **Converted** will be interpreted accordingly.

Conversion Date means:

- (a) the date on which the Holder delivers a Conversion Notice to the Company in accordance with Note Condition 4(a); or
- (b) the date on which the Company makes an announcement to ASX or sends a notice to Holders in accordance with Note Condition 4(e).

Conversion Notice means a notice of Conversion in or substantially in the form provided by the Company (or if not provided by the Company, in any form acceptable to the Company (acting reasonably)).

Conversion Period means the period beginning on the date commencing on the issue of the Convertible Notes and concluding at 5:00pm (in Sydney New South Wales) on the Maturity Date.

Conversion Price means, in relation to a Conversion, A\$0.10 per Share.

Conversion Shares has the meaning given in Note Condition 5(a)(iv).

Convertible Note or **Note** means a convertible note having the Face Value and issued in accordance with and subject to these Note Conditions.

Corporations Act means the *Corporations Act 2001* (Cth).

Event of Default has the meaning given in Note Condition 9(a).

Face Value has the meaning in Note Condition 2.

Financial Indebtedness means any indebtedness for or in respect of:

- (a) moneys borrowed and any debit balance at any financial institution;
- (b) any amount raised under any acceptance credit, bill acceptance or bill endorsement facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a balance sheet liability;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) of a type not referred to in any other paragraph of this definition having the commercial effect of a borrowing;
- (g) consideration for the acquisition of assets or services payable more than 365 days after acquisition;
- (h) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount) will be taken into account);

- (i) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; or
- (j) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (i).

Freely Tradeable means the ability of the Holder to trade Shares by way of secondary trading on the ASX without the Holder being required to provide disclosure in accordance with Division 2 of Part 6D.2 of the Corporations Act or otherwise being in breach of section 707 of the Corporations Act.

GAAP means generally accepted accounting principles, standards and practices in Australia.

Group means the Company and its Related Bodies Corporate and **member of the Group** means any of them.

Holder means the holder of Convertible Notes (and, if applicable, any person to whom the Convertible Notes are transferred or assigned).

Issue Date means the date of issue of the Convertible Notes as shown on the original Convertible Note certificate issued in respect of such Convertible Notes or if the Company fails to include the date of issue on the original Convertible Note certificate or fails to issue a Convertible Note certificate for the Convertible Notes issued, then the date upon which the Convertible Notes were issued to the Holder as documented and evidenced by the Company or such other date as may be agreed between the Company and the Holder.

Market Value means the Volume Weighted Average Market Price per Share of Shares for the period of five trading days immediately before the date on which the Company receives a Conversion Notice from a Holder (or such alternate amount as the Company and the Holder may agree in writing).

Maturity Date means the earlier of:

- (a) the date which is 12 months after the Issue Date; or
- (b) such date on or after 1 December 2020 as the Holder may specify by prior written notice to the Company.

Note Conditions means the terms and conditions of the Convertible Notes in this document.

Register means the register(s) of Securities established and maintained by the Company.

Related Body Corporate has the meaning given to that term by the Corporations Act.

Relevant Interest has the meaning given to that term in the Corporations Act.

Repayment Amount means in respect of a Convertible Note the Face Value remaining for that Convertible Note as at the Termination Date or the Conversion Date (whichever is applicable).

Securities means securities in the capital of the Company.

Security Interest means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect, including any "security interest" as defined in sections 12(1) or (2) of the Personal Property Securities Act 2009 (Cth).

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

Shareholder means a holder of one or more Shares.

Takeover Bid has the meaning given to that term in the Corporations Act.

Termination Date means the earlier to occur of:

- (a) the Maturity Date; and
- (a) the date that is 20 Business Days following receipt by the Company of a notice from the Holder which makes a declaration in accordance with Note Condition 9(b).

Total Amount means the total of the Face Value of all of the Convertible Notes in the Convertible Note certificate issued by the Company.

Volume Weighted Average Market Price has the meaning given to that term in the Listing Rules.

2. Face Value and subscription price

Each Convertible Note has a face value of A\$1.00 (**Face Value**). The subscription price required to be paid to the Company by the applicant subscribing for Convertible Notes is A\$0.90 per Convertible Note (subject to the deduction of interest, as noted below).

3. Terms of Issue

- (a) Each Convertible Note:
 - (i) incurs interest at 9% of the Face Value (based on a Maturity Date which is 12 months after the Issue Date), which interest:
 - (A) accrues on the date when the Convertible Note is issued; and
 - (B) is deemed to have been paid in full by way of set-off, as a deduction from the subscription price for the Convertible Note;
 - (ii) may be Converted in accordance with Note Condition 4;
 - (iii) unless Converted in accordance with these Note Conditions or already repaid, entitles the Holder to be paid by the Company the Repayment Amount on the fifth Business Day after the Termination Date;
 - (iv) is unsecured;
 - (v) is unlisted; and
 - (vi) cannot be sold, assigned or transferred (other than, subject to the Corporations Act, the Constitution and the ASX Listing Rules, as applicable, to a Related Body Corporate of the Holder or with the Company's prior written agreement, which must not be unreasonably withheld or delayed, to a person satisfying the requirements of sections 708(8), (10) or (11) of the Corporations Act).
- (b) If a Convertible Note is repaid by the Company (by payment of the Repayment Amount in cash) or Converted then such Convertible Note will be automatically cancelled and will not be re-issued.

4. Conversion

- (a) Subject to Note Condition 4(d), the Holder may elect to Convert all or some of the Convertible Notes, to the extent not already repaid, by delivering a Conversion Notice to the Company at any time during the Conversion Period.

- (b) A Conversion Notice, once given, is irrevocable.
- (c) If the Holder delivers a Conversion Notice to the Company in accordance with Note Condition 4(a), the Convertible Notes the subject of that Conversion Notice will be either:
 - (i) at the election of the Company, repaid instead of being Converted, by the Company choosing to pay in cash the Market Value of the Shares which otherwise would have been issued under Note Condition 4(c)(ii) pursuant to the Conversion Notice (in which case such Notes will not be converted into Shares and such Notes will be automatically cancelled upon payment of such cash and will not be reissued) (**Right of First Refusal**); or
 - (ii) Converted into such number of Shares as is determined by dividing the sum of the Repayment Amount for those Convertible Notes by the Conversion Price (provided that if the resultant number contains a fraction, such number shall be rounded down to the next lowest whole number), with such Shares to be allotted and issued in accordance with Note Condition 5.
- (d) Each Conversion Notice must elect to Convert:
 - (i) at least 10,000 Convertible Notes (but no more than 500,000 Notes); or
 - (ii) all the Convertible Notes outstanding, as at the date of the Conversion Notice.
- (e) If at any time prior to the Maturity Date, a Change of Control Event occurs, the Company may elect to Convert all the Convertible Notes then outstanding into such number of Shares as is determined by dividing the sum of the Repayment Amount for those Convertible Notes by the Conversion Price (provided that if the resultant number contains a fraction, such number shall be rounded down to the next lowest whole number) by either:
 - (i) making an announcement to ASX, if it is listed on ASX; or
 - (ii) sending a notice to each Holder at the Holder's address, as set out in the Register,

and with such Shares to be allotted and issued in accordance with Note Condition 5.

5. Issue of Shares

- (a) Subject to Note Conditions 5(g) to 5(j) (inclusive), if the Company is able to issue a Cleansing Statement, within five (5) Business Days:
 - (i) after the receipt of a Conversion Notice delivered in accordance with Note Condition 4(a), but provided the Company does not exercise its Right of First Refusal;
 - (ii) of an announcement made in accordance with Note Condition 4(e)(i); or
 - (iii) after the sending of a notice in accordance with Note Condition 4(e)(ii),

the Company will:

 - (iv) allot and issue the Shares required to be issued to the Holder pursuant to the Conversion (**Conversion Shares**);
 - (v) record the Holder as the holder of the Conversion Shares in the Register;

- (vi) lodge with the ASX in accordance with all applicable laws in respect of the issue of the Conversion Shares:
 - (A) subject to Note Condition 5(b), if the Convertible Notes were not issued pursuant to a prospectus offer, a Cleansing Statement which will enable the Conversion Shares to be Freely Tradeable from the date of the Cleansing Statement; and
 - (B) an Appendix 2A.
- (b) If the Company is not able to issue a Cleansing Statement within the time required pursuant to Note Condition 5(a), subject to Note Conditions 5(g) to 5(j) (inclusive), within 20 Business Days:
 - (i) after the receipt of a Conversion Notice delivered in accordance with Note Condition 4(a), but provided the Company does not exercise its Right of First Refusal;
 - (ii) of an announcement made in accordance with Note Condition 4(e)(i); or
 - (iii) after the sending of a notice in accordance with Note Condition 4(e)(ii),
 the Company will:
 - (iv) if the Convertible Notes were not issued pursuant to a prospectus offer, issue a Cleansing Prospectus;
 - (v) allot and issue the Conversion Shares to the Holder;
 - (vi) record the Holder as the holder of the Conversion Shares in the Register; and
 - (vii) apply for official quotation on ASX of such Conversion Shares issued pursuant to the Conversion by lodging with ASX an Appendix 2A.
- (c) The Company must not later than three (3) Business Days after the issue of the Conversion Shares to the Holder pursuant to Note Condition 5(a) or 5(b) (as applicable), despatch or cause to be despatched to the Holder a holding statement in respect of the Conversion Shares.
- (d) Upon the issue of the Conversion Shares, the Holder agrees to be bound by the Constitution.
- (e) On the issue to the Holder of the Conversion Shares pursuant to Note Condition 5(c), the relevant aggregate Repayment Amount for all of the Notes which were Converted is deemed to be repaid and the obligations of the Company pursuant to the relevant Conversion Notice are deemed to be discharged.
- (f) The Conversion Shares must rank pari passu with the other Shares on issue at the Issue Date. However, any Conversion Shares will not be entitled to any dividend which has been declared and whose record date occurs prior to the issue of the Conversion Shares.
- (g) The Holder shall give prior notification to the Company in writing if it considers that the Conversion may result in the contravention of section 606(1) of the Corporations Act, failing which the Company shall assume that the Conversion of the Convertible Notes will not result in any person being in contravention of section 606(1).
- (h) The Company may (but is not obliged to), by written notice, request the Holder to give notification to the Company in writing within two (2) Business Days if the Company considers that the Conversion may result in the contravention of section 606(1) of the

Corporations Act. If the Holder does not give notification to the Company that it considers the Conversion may result in the contravention of section 606(1) of the Corporations Act, within two (2) Business Days of receipt of such request, then the Company shall assume that the Conversion will not result in any person being in contravention of section 606(1) of the Corporations Act.

- (i) If the Holder notifies the Company (in accordance with Note Conditions 5(g) or (h)) or the Company determines (acting reasonably) that a Conversion would result in the Holder (or any other person or entity) being in contravention of section 606(1) of the Corporations Act then, if the Company declines to exercise its Right of First Refusal, in respect of that number of Convertible Notes the Conversion of which would result in the Holder (or any other person or entity) being in contravention of section 606(1) of the Corporations Act:
 - (i) the Conversion shall be deferred until such time or times thereafter that the Conversion would not result in a contravention of section 606(1) of the Corporations Act; and
 - (ii) if no other Item in section 611 of the Corporations Act is applicable, the Company will as soon as reasonably practicable convene a meeting of Shareholders to seek approval for the purpose of, and in accordance with, Item 7 of section 611 of the Corporations Act, for the issue of the Shares to be issued pursuant to the Conversion.
- (j) If Shareholder approval for the Conversion is not obtained at the meeting of Shareholders convened by the Company in accordance with Note Condition 5(i)(ii), then the Company will, within 90 days of the meeting of Shareholders, pay to the Holder an amount equal to the aggregate Repayment Amount of the Convertible Notes the Conversion of which would result in the Holder (or any other person or entity) being in contravention of section 606(1) of the Corporations Act, and upon such payment such Convertible Notes will be automatically cancelled and will not be re-issued.

6. Bonus Issues and Reconstruction

- (a) If at any time after the Issue Date but before the earlier of the Convertible Notes being:
 - (i) Converted in accordance with Note Condition 4; or
 - (ii) repaid by the Company in accordance with Note Condition 7,the Company:
 - (iii) makes a Bonus Issue and issues to the holders of Shares any Bonus Securities, then subject to the Corporations Act, the Constitution and the Listing Rules, as applicable, the Company must issue to the Holder Bonus Securities of the number which the Holder would have been entitled to receive, by way of participation in the issue of Bonus Securities, if it had Converted the Convertible Notes then on issue into Shares:
 - (A) immediately before the issue of Bonus Securities; or
 - (B) if before the Conversion there has been more than one issue of Bonus Securities, immediately before the first issue of Bonus Securities, and had retained all the Shares issued on Conversion together with all the Bonus Securities which would have been issued to it under this Note Condition following the first issue; or
 - (iv) conducts a reconstruction (including, consolidation, subdivision, reduction or return) of the issued capital of the Company, then subject to the Corporations

Act, the Constitution and the Listing Rules, as applicable, the basis for Conversion of the Notes into Shares will be reconstructed (as determined by the Company) in the same proportion as the issued capital of the Company is reconstructed and in a manner which will not result in any additional benefits being conferred on the Holder which are not conferred on the Shareholders of the Company, (subject to the same provisions with respect to rounding of entitlements as are sanctioned by the meeting of Shareholders approving the reconstruction of capital) but in all other respects the terms for Conversion of those Notes will remain unchanged.

- (b) Fractional entitlements are disregarded for the purposes of Note Condition 6(a) (except to the extent specified in Note Condition 6(a)(iv)).

7. Repayment

In respect of each Convertible Note, unless that Convertible Note has been Converted in accordance with Note Condition 4 or already repaid, then on the fifth Business Day after the Termination Date the Company must pay the Repayment Amount to the Holder to a bank account nominated by the Holder.

8. Representations and Warranties

The Company represents and warrants for the benefit of the Holder as at the Issue Date and on each Conversion Date that, other than as disclosed to the Holder:

- (a) the Company is a corporation validly existing under the laws of the place of its incorporation;
- (b) the Company has:
 - (i) full power and authority (corporate or other) to execute the certificate to be issued by the Company in relation to Convertible Notes;
 - (ii) full power and authority (corporate or other) to issue the Shares on Conversion of the Convertible Notes in accordance with Note Condition 5; and
 - (iii) full power to perform its obligations under the Note Conditions and to observe all the terms and provisions of the Note Conditions;
- (c) all corporate action on the part of the Company and its directors necessary for the authorisation, execution and performance of the Convertible Note certificate and the Note Conditions has been duly taken;
- (d) the Convertible Note certificate has been duly authorised and executed by the Company and is enforceable against the Company; and
- (e) neither the Constitution nor the provisions of any obligation, agreement or arrangement to which the Company is a party or by which it is bound or any statute, rule or regulation or any judgment, decree or order of any court or agency binding on the Company has been or will be contravened by the execution, delivery and performance of the Convertible Notes.

9. Events of Default

- (a) The occurrence, without the prior written consent of the Holder, of any of the following events is deemed an **Event of Default**:
 - (i) Non-payment

- (A) The Company does not pay on the due date any amount payable by it pursuant to these Note Conditions at the place and in the currency in which it is expressed to be payable unless:
 - (1) Its failure to pay is caused by administrative or technical error; and
 - (2) Payment is made within five Business Days of its due date.
- (ii) Other obligations
 - (A) Subject to Note Condition 9(a)(ii)(B), the Company does not comply with any Note Condition (other than those referred to in Note Condition 9(a)(i) (*Non-payment*)).
 - (B) No Event of Default under Note Condition 9(a)(ii)(A) will occur if the failure to comply is capable of remedy and is remedied within 20 Business Days of the earlier of the Holder giving notice to the Company and the Company becoming aware of the failure to comply.
- (iii) Misrepresentation
 - (A) Subject to Note Condition 9(a)(iii)(B), any representation or statement made or deemed to be made by the Company in the Note Conditions is or proves to have been incorrect or misleading in any material respect when made or deemed to be made.
 - (B) No Event of Default under Note Condition 9(a)(iii)(A) will occur if the circumstances giving rise to the misrepresentation are capable of remedy and are remedied within 20 Business Days of the earlier of the Holder giving notice to the Company and the Company becoming aware of the misrepresentation.
- (iv) Cross default
 - (A) Subject to Note Condition 9(a)(iv)(B):
 - (1) any Financial Indebtedness of any member of the Group is not paid when due nor within any originally applicable grace period;
 - (2) any Financial Indebtedness of any member of the Group is declared to be, or otherwise becomes, due and payable prior to its specified maturity as a result of an event of default or review event (however described);
 - (3) any commitment for any Financial Indebtedness of any member of the Group is cancelled or suspended by a creditor of any member of the Group as a result of an event of default or review event (however described); or
 - (4) any creditor of any member of the Group becomes entitled to declare any Financial Indebtedness of any member of the Group due and payable prior to its specified maturity as a result of an event of default or review event (however described).
 - (B) No Event of Default will occur under Note Condition 9(a)(iv)(A) if the aggregate amount of Financial Indebtedness or commitment for

Financial Indebtedness falling within Note Conditions 9(a)(iv)(A)(1) to 9(a)(iv)(A)(4) is less than A\$500,000 (or its equivalent in any other currency or currencies).

- (v) Insolvency
 - (A) A member of the Group:
 - (1) is or is presumed or deemed to be unable or admits inability to pay its debts as they fall due;
 - (2) suspends making payments on any of its debts; or,
 - (3) is "deregistered" (as defined in the Corporations Act).
 - (B) A moratorium is declared in respect of any indebtedness of any member of the Group.
- (vi) Insolvency proceedings
 - (A) Any corporate action, legal proceedings or other procedure or step is taken in relation to:
 - (1) the suspension of payments, a moratorium of any indebtedness, winding up, dissolution, external administration or reorganisation (other than a solvent reorganisation) of any member of the Group except an application made to a court for the purpose of winding up such a person which is disputed by the Company acting diligently and in good faith and dismissed within 20 Business Days;
 - (2) a composition, compromise, assignment or arrangement (other than a solvent arrangement) with any creditor of any member of the Group;
 - (3) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of any member of the Group or any of its assets except an application made to a court for the purpose of appointing such a person which is disputed by the Company acting diligently and in good faith and dismissed within 20 Business Days; or
 - (4) enforcement of any Security Interest over any assets of any member of the Group.
- (vii) Creditors' process
 - (A) Any expropriation, attachment, sequestration, distress or execution affects any asset or assets of a member of the Group having an aggregate value greater than A\$500,000 (or its equivalent in any other currency or currencies) and is not discharged within 20 Business Days.
- (viii) Unlawfulness
 - (A) It is or becomes unlawful for the Company to perform any of its obligations under the Note Conditions.

- (ix) Repudiation
 - (A) The Company repudiates the Note Conditions or evidences an intention to repudiate the Note Conditions.
- (x) Vitiating of the Note Conditions
 - (A) A Note Condition is or becomes wholly or partly invalid, void, voidable or unenforceable in any material respect.
- (b) On the occurrence of an Event of Default, the Holder may by written notice to the Company declare all of their Convertible Notes then outstanding due and payable and demand the payment of the Repayment Amount for each such Convertible Note.
- (c) Upon receipt of a declaration under Note Condition 9(b), the sum of the Repayment Amount for the Convertible Notes then outstanding and held by the Holder who made that declaration shall become due and payable by the Company to that Holder on the date that is 20 Business Days following receipt of such declaration and the Company must pay such amount to that Holder within this timeframe.

10. Covenants by the Company

At all times prior to the earlier of all of the Convertible Notes being:

- (a) Converted in accordance with Note Condition 4; or
- (b) repaid by the Company in accordance with Note Condition 7,

the Company must execute and do all acts and things as are reasonably necessary for conferring the full benefit of the Convertible Notes and the Note Conditions on the Holder.

11. General

- (a) In the Note Conditions unless the context otherwise requires:
 - (i) the singular shall include the plural and vice versa;
 - (ii) the use of one gender shall include all other genders;
 - (iii) representations, agreements, covenants, obligations or warranties, by more than one person shall include those persons jointly and each of them severally;
 - (iv) the use of the term **person** means and includes a natural person or firm; and
 - (v) the use of expressions such as **including** and **in particular** and the like does not imply any limitation of the preceding general category or class referred to.
- (b) Headings in the Note Conditions are for reference purposes only and are not intended to affect the interpretation of the Note Conditions.
- (c) The Note Conditions shall be governed by and construed by reference to the law applicable in New South Wales. The parties submit to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales in connection with the Note Conditions.
- (d) If any provision or part of a provision of the Note Conditions is or becomes void, invalid or unenforceable that provision or part shall be severed from the Note Conditions but the remainder of the Note Conditions shall continue in full force and effect.

- (e) A reference to any statutory enactment shall include all amendments for the time being in force and any other statute enacted in substitution for and the regulations by-laws or other orders for the time being made under that statutory enactment.
- (f) Any demand, notice, consent or other communication to be made or given under the Note Conditions shall be in writing and signed by the party giving it and shall be served either by delivery, by facsimile, by email or by pre-paid registered mail to the address of the party as specified in the Convertible Note certificate or at such substituted address as may be advised by notice in accordance with this Note Condition from time to time. All notices shall be deemed to be received on the date of delivery or at the expiration of 48 hours after it has been posted, notices sent by facsimile or email shall be deemed to be delivered on the date of transmission.
- (g) Any reference to the Note Conditions herein means and includes the schedules and annexures (if any) to the Note Conditions, and which are deemed to form part thereof.
- (h) Unless the context otherwise requires, references in the Note Conditions to recitals, conditions, schedules or annexures, mean and constitute references to the recitals, conditions, schedules or annexures (if any) of the Note Conditions.
- (i) No party shall be taken to have waived any breach of the Note Conditions by any other party unless such waiver shall be in writing, and signed by the party granting the waiver. No waiver, forbearance or failure by a party of its right to enforce any provision of the Note Conditions shall constitute a waiver or estoppel of such party's right to enforce that provision thereafter or to enforce any other provision of the Note Conditions.
- (j) The Note Conditions shall bind and benefit each of the parties and their respective personal representatives, successors and permitted assigns.
- (k) Where the day or date appointed or specified by the Note Conditions for the payment of any money is not a Business Day, the day or last day by which payment of that money shall be made shall be deemed to be the next following Business Day.
- (l) Notwithstanding anything said or written prior to execution, the Note Conditions and any agreement pursuant to which the Convertible Notes were subscribed for by the Holder embody the entire understanding of the parties and constitute the entire terms agreed upon between them and supersede and replace entirely any prior written or oral agreement between the parties concerning the advance of the Total Amount.
- (m) Each of the parties covenants and agrees to execute, complete, deliver, make and do all such other assurances, documents, instruments, notices, acts and things as may be necessary or required for effectually carrying out the terms of the Note Conditions.
- (n) Any payment to be made in accordance with the terms of the Note Conditions shall be made in cash (in immediately available funds) or by bank cheque unless the parties agree otherwise.
- (o) Each party will bear its own legal costs in connection with the preparation and execution of the Note Conditions and the Convertible Notes.
- (p) No amendment to the Note Conditions shall be effective unless in writing and signed by each party.
- (q) All remedies afforded under the Note Conditions shall be taken and construed as cumulative and in addition to every other remedy provided in the Note Conditions or by law or at equity.
- (r) A reference to a matter being "to the knowledge" of a party means the matter is to the best of the knowledge and belief of that party after proper enquiry including enquiry

which a reasonable person would be prompted to make by reason of knowledge of a fact.

- (s) A reference to money is a reference to Australian currency unless otherwise specified.
- (t) The Company may issue the Convertible Note certificate by way of a deed poll.
- (u) A right arising under the Note Conditions cannot be enforced contrary to the applicable provisions of the *Treasury Laws Amendment (2017 Enterprise Incentives No. 2) Act 2017* (Cth) which stay or render unenforceable “ipso facto” rights. The Note Conditions are not deemed to be breached due to those matters.