

SCOUT SECURITY LTD

ACN 615 321 189

ENTITLEMENT ISSUE PROSPECTUS

For a pro-rata non-renounceable entitlement issue of three (3) Shares for every two (2) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.004 per Share together with one (1) free New Option for every Share applied for and issued to raise up to approximately \$1,575,119 (based on the number of Shares on issue as at the date of this Prospectus) (**Offer**).

The Offer is partially underwritten by PAC Partners Securities Pty Ltd (**Underwriter**). Refer to Section 6.4.1 for details regarding the terms of the underwriting.

The Prospectus also includes the Secondary Offers, being:

- (a) an offer of 368,750,000 Convertible Note Shares and 368,750,000 Convertible Note Options to holders of Convertible Notes;
- (b) an offer of 517,111,279 Loan Note Shares and 517,111,279 Loan Note Options to holders of Loan Notes on conversion of a portion of Loan Notes on issue;
- (c) an offer of 44,000,000 Fee Shares and 94,000,000 Fee Options to holders of Loan Notes in consideration for the extension of the maturity date for the Loan Notes and consent to completion of the Offer, Placement and Debt Conversion;
- (d) an offer of 64,250,000 Placement Shares and 93,854,957 Placement Options to the Placement Participants; and
- (e) a cleansing offer of 1,000 Shares at an issue price of \$0.004 per Share for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company prior to the Secondary Offer Closing Date.

The Prospectus will also have the effect of cleansing any Placement Shares to be issued prior to the Record Date for on-sale under section 708A(11) of the Corporations Act.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If, after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your professional advisers without delay.

The Securities offered by this Prospectus should be considered as highly speculative.

This Prospectus may not be released to US wire services or distributed in the United States except to Approved US Investors.

IMPORTANT NOTICE

This Prospectus is dated 18 June 2024 and was lodged with the ASIC on that date. The ASIC, ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

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

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

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Securities offered by this Prospectus should be considered as highly speculative.

Applications for Securities offered pursuant to this Prospectus can only be made by an original Entitlement and Acceptance Form or Shortfall Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus and is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

Representations contained in this Prospectus are made taking into account that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters are publicly available information or may reasonably be expected to be known to investors and professional advisers whom prospective investors may consult.

No Investment Advice

The information contained in this Prospectus is not financial product advice or investment advice and does not take into account your financial or investment objectives,

financial situation or particular needs (including financial or taxation issues). You should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding to subscribe for Securities under this Prospectus to determine whether it meets your objectives, financial situation and needs.

Forward-looking statements

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

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

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

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

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

These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5.

Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Securities will not be issued to Shareholders with a registered address which is outside Australia, the United States (to the extent such Shareholder is an Approved US Investor) or New Zealand.

For further information on overseas Shareholders please refer to Section 2.12.

Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Securities.

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 and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. 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.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Please refer to Section 6.2 for further details.

Target Market Determination

In accordance with the design and distribution obligations under the Corporations Act, the Company has determined the target market for the offer of Options issued under this Prospectus. The Company, the Lead Manager and the Underwriter will only distribute this Prospectus to those investors who fall within the target market determination (**TMD**) as set out on the Company's website (www.scoutalarm.com). Existing Shareholders fall within the target market set out in the TMD on the basis that they have invested in Shares in the past.

Electronic Prospectus

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

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus, or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company by phone on +1-844-287-2688 during office hours or by emailing the Company at investors@scoutalarm.com.

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

Company Website

No documents or other information available on the Company's website is incorporated into this Prospectus by reference.

Financial forecasts

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

reliable best estimate forecast or projection.

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

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

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

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

Photographs and Diagrams

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

Definitions and Time

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 8.

All references to time in this Prospectus are references to Australian Eastern Standard Time.

Consolidation

At a General Meeting to be held on 25 July 2024, the Company intends to seek Shareholder approval for a consolidation of its securities on a 100 for 1 basis (**Consolidation**). The Consolidation will occur after the issue of Securities under this Prospectus and, as such, all references to Securities in this

Prospectus are made on a pre-Consolidation basis.

Privacy statement

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

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

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

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

Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offers or how to accept the Offer please call the Company Secretary on 1-844-287-2688.

CORPORATE DIRECTORY

Directors

Daniel Roberts
Executive Director

Martin Pretty
Non-executive Chairman

David Shapiro
Non-executive Director

Anthony Brown
Non-executive Director

Ryan McCall
Executive Director

Company Secretary

Kim Larkin

ASX Code

SCT

Registered Office - Australia

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SYDNEY NSW 2000

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Website: www.scoutalarm.com

Registered Office – United States

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United States of America

Telephone: 1-844-287-2688

Auditor*

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SUBIACO WA 6008

Share Registry*

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Sydney NSW 2000

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Sydney NSW 2001

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+ 61 (0) 2 9698 5414 (International)

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Legal Advisers

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Lead Manager and Underwriter

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MELBOURNE VIC, 3000

Telephone: +61 3 9114 7401

*These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus.

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1. KEY OFFER INFORMATION

1.1 Timetable

Lodgement of Prospectus with the ASIC and ASX	Tuesday, 18 June 2024
Ex date	Friday, 21 June 2024
Record Date for determining Entitlements	Monday, 24 June 2024
Offer opening date, Prospectus sent out to Shareholders and Company announces this has been completed	Thursday, 27 June 2024
Last day to extend the Closing Date	Monday, 22 July 2024
Closing Date as at 5:00pm*	Thursday, 25 July 2024
Shares quoted on a deferred settlement basis	Friday, 26 July 2024
Issue date and lodgement of Appendix 2A with ASX applying for quotation of the Shares	Thursday, 1 August 2024
Closing date of Secondary Offers as at 5.00pm*	Thursday, 1 August 2024
Quotation of Shares issued under the Offer	Friday, 2 August 2024

*The Directors may extend the Closing Date or Secondary Offer Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date or Secondary Offer Closing Date. As announced on 11 June 2024, the Company will remain suspended from trading until such time as ASX is comfortable satisfied with the Company's compliance with the ASX Listing Rules, including Listing Rule 12.2 and that it is otherwise appropriate for the Company's securities to be reinstated to quotation. The Company anticipates that this will occur following completion of the Offer, Placement and Debt Conversion announced on 11 June 2024. Accordingly, the date the Shares are expected to commence trading on ASX may vary. The Secondary Offer Closing Date will close automatically following the issue of all Shares contemplated by the General Meeting at which the Company seeks Shareholder approval for the Debt Conversion.

1.2 Key statistics of the Offer, Placement and Debt Conversion

Shares¹

	Minimum Subscription (\$624,580)	Maximum Subscription (\$1,575,119)
Offer Price per Share	\$0.004	\$0.004
Entitlement Ratio (based on existing Shares)	3:2	3:2
Shares currently on issue ²	262,519,839	262,519,839
Shares to be issued under the Offer	156,145,043	393,779,759
Gross proceeds of the issue of Shares	\$624,580	\$1,575,119
Shares on issue Post-Offer	418,664,882	656,299,598
Shares to be issued under the Placement ²	64,250,000	64,250,000
Shares to be issued under Debt Conversion ³	929,861,279	929,861,279
Shares on issue Post-Offer and Debt Conversion	1,412,776,161	1,650,410,877

Notes:

1. Refer to Section 4.1 for the terms of the Shares.
2. Under the Placement, the Company has issued 29,604,957 Shares and will issue an additional 64,250,000 Shares subject to Shareholder approval. Refer to Section 1.3 and the announcement dated 11 June 2024 for further details.
3. This includes the issue of Fee Securities to Loan Note holders. Refer to Section 1.3 and the announcement dated 11 June 2024 for details with respect to the Debt Conversion.

Options

	Minimum Subscription (\$624,580)	Maximum Subscription (\$1,575,119)
Offer Price per New Option	Nil	Nil
Option Entitlement Ratio (based on Shares subscribed for)	1:1	1:1
Options currently on issue ¹	135,480,937	135,480,937
New Options to be issued under the Offer ²	156,145,043	393,779,759
Options on issue Post-Offer	291,625,980	529,260,696
New Options to be issued under the Placement ²	93,854,957	93,854,957
New Options to be issued under Debt Conversion ^{2,3}	979,861,279	979,861,279
Options on issue Post-Offer	1,365,342,216	1,602,976,932

Notes:

1. This includes all Options, Warrants and Performance Rights currently on issue. Refer to Section 3.3 for details with respect to Options, Performance Rights and Warrants currently on issue.
2. Refer to Section 4.2 for the terms of the New Options, including the Placement Options, Convertible Note Options, Loan Note Options and Fee Options. The issue of Placement Options, Convertible Note Options, Loan Note Options and Fee Options are each subject to Shareholder approval.
3. This includes Fee Options to be issued to holders of Loan Notes. Refer to Section 1.3 and the announcement dated 11 June 2024 for details with respect to the Debt Conversion.

1.3 Debt Conversion

As announced on 11 June 2024, the Company is in the process of completing a restructure, as follows:

- (a) a placement (**Placement**) of 93,854,957 Shares (**Placement Shares**) at an issue price of \$0.004 per Share to raise \$375,420, together with one attaching New Option for each Share issued (**Placement Options**), as follows:
 - (i) 29,604,957 Placement Shares issued on 13 June 2024 utilising the Company's placement capacity under ASX Listing Rule 7.1 (**Placement Tranche 1**);
 - (ii) 64,250,000 Placement Shares to be issued subject to Shareholder approval (**Placement Tranche 2**); and
 - (iii) 93,854,957 Placement Options to be issued subject to Shareholder approval;
- (b) the Offer under this Prospectus;
- (c) the issue of 368,750,000 Shares (**Convertible Note Shares**) at a deemed issue price of \$0.004 per Share in conversion of \$1,475,000 in Convertible Notes on issue¹ (**Convertible Notes**), together with one attaching New Option for each Share issued (**Convertible Note Options**); and
- (d) the issue of 517,111,279 Shares (**Loan Note Shares**) at a deemed issue price of \$0.004 per Share in conversion of Loan Notes on issue² (**Loan Notes**) to a value of US\$1,344,489.33³ together with accrued interest of up to US\$8,142.50¹ (assuming conversion occurs on 31 August 2024, however, the Company's intention is to complete all conversions sooner), together with one attaching New Option for each Share issued (**Loan Note Options**).

Following conversion of a portion of the Loan Notes (**Loan Note Conversion**), Loan Notes with an aggregate value of US\$933,683 will remain on issue. Notwithstanding the Debt Conversion, the Company will remain liable to pay up to US\$189,601.49 in accrued but unpaid interest on the Loan Notes and \$131,710 in accrued but unpaid interest on the Convertible Notes (assuming Debt

¹ Refer to the notice of extraordinary general meeting released to the Company announcements platform on 19 April 2024 for the material terms of the convertible notes on issue.

² Refer to the notice of extraordinary general meeting released to the Company announcements platform on 19 April 2024 for the material terms of the loan notes on issue.

³ At an agreed exchange rate of US\$0.65:A\$1.

Conversion occurs on 31 August 2024, however, the Company's intention is to complete all conversions sooner).

Under the terms of the Loan Note Deed prior to its amendment announced on 11 June 2024, the maturity date of the Loan Notes was 3 May 2027. In connection with the Loan Note holders agreeing to the Loan Note Conversion, the maturity date of the Loan Notes was extended to the date that is 4 years following Loan Note Conversion. Further, Loan Note holder consent was required by the Company in the event that it sought to issue more than 50,000,000 Shares following entry into the Loan Note Deed, which has been granted by the Loan Note holders.

In consideration for these concessions by the Loan Note holders, the Company has agreed to issue them (on a pro rata basis):

- (a) 44,000,000 Shares (**Fee Shares**);
- (b) 44,000,000 Options (exercisable at \$0.004 on or before 13 June 2026) (**Class A Fee Options**); and
- (c) 50,000,000 Options (exercisable at \$0.005 on or before 13 June 2026, being the same terms as the New Options) (**Class B Fee Options**),

(together, the **Fee Securities** and the Class A Fee Options and Class B Fee Options together, being the **Fee Options**).

Conversion of the Convertible Notes and Loan Notes (together, the **Debt Conversion**) contemplated above, as well as the extension of the maturity date under the Loan Notes, is conditional upon the Company raising a minimum of \$1,000,000 in aggregate under the Placement and the Offer, which will be satisfied in the event the Minimum Subscription is raised under the Offer and Shareholders approve the issue of Placement Shares under the Placement Tranche 2.

In the coming days, a general meeting of shareholders will be convened for 25 July 2024 (**General Meeting**) to seek the requisite Shareholder approvals for the Debt Conversion and Placement.

1.4 Key Risk Factors

Prospective investors should be aware that subscribing for Securities involves a number of risks and an investment in the Company should be considered as highly speculative. The future performance of the Company and the value of the Securities may be influenced by a range of factors, many of which are largely beyond the control of the Company and the Directors. The key risks associated with the Company's business, the industry in which it operates and general risks applicable to all investments in listed securities and financial markets generally are set out in Section 5.

The predominant risks relating to the Company and the Offer are summarised below:

Risk	Description	Further Information
Going Concern	The Company's financial report for the year ended 30 June 2023 (Financial Report) includes a note on the financial condition of the Company and the possible existence of a material uncertainty about the Company's ability to continue as a going concern.	Section 5.2

Risk	Description	Further Information
	<p>The Company incurred a net loss from operations of \$2,058,176 for the half-year ended 31 December 2023 and had a net cash outflow from operations of \$1,175,002 for the period. As at 31 December 2023, the Company had a working capital deficiency of \$3,472,777 which included \$118,490 of unearned revenues.</p> <p>Notwithstanding the 'going concern' qualification included in the Financial Report, the Directors believe that upon the successful completion of the Offer, Placement and Debt Conversion, the Company will have sufficient funds to adequately meet the Company's current commitments and short-term working capital requirements. To this end, the Company has undertaken a review of internal operations resulting in material cost reductions, reducing cash overheads by over \$1 million a year, which together with the conversion of debt and resulting reduced interest payments, will place the Company in a more sustainable cashflow position.</p> <p>In the event that the Offer and the Placement are not completed successfully, which would also result in the Debt Conversion not proceeding, there is significant uncertainty as to whether the Company can continue as a going concern which is likely to have a material adverse effect on the Company's activities.</p>	
Suspension from quotation	<p>On 28 May 2024, the Company's Shares were suspended from quotation by ASX in accordance with Listing Rule 17.3. The Company's securities will remain suspended until such time that ASX is satisfied with the Company's compliance with the ASX Listing Rules, including ASX Listing Rule 12.2 and that it is otherwise appropriate for the Company's securities to be reinstated to quotation, including the satisfaction of any reinstatement conditions imposed by ASX. The Company anticipates that its securities will be reinstated to quotation following completion of the Offer, Placement and Debt Conversion.</p> <p>In the event the Offer, Placement and Debt Conversion do not complete, the Company's securities will remain suspended until such time as the Company has remedied ASX's concerns. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of three months after the date of issue of the Prospectus (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all Application monies for the Shares within the time prescribed under the Corporations Act, without interest.</p>	Section 5.2
Manufacturing risks in China	<p>There is the potential that the Company could experience manufacturing difficulties due to international circumstances that are out of their control. If the Company uses a single or limited number of suppliers, they may be at risk of shortage, price increases, changes, delay, or discontinuation of key components, which could disrupt and adversely affect their business.</p>	Section 5.2
International Operations	<p>The Company's operations are subject to a number of risks inherent in global operations. Additionally, operating an international business with a sales force managed from Australia and with distributorships and sales in a number of legal jurisdictions necessarily requires substantial input from a variety of legal counsel and exposes the Company to legal costs that may be disproportionately high relative to its revenues, and will be incurred regardless of whether the Company derives revenues from a given jurisdiction or at all.</p>	Section 5.2
Supply	<p>The Company may experience delivery delays if its contract manufacturer fails to deliver products. The Company's products are manufactured by one contract manufacturer. There is a risk with working with only one manufacturer, in that termination of the agreement to produce will temporarily halt</p>	Section 5.2

Risk	Description	Further Information
	all deliveries until resolved or a new agreement is made with another manufacture.	
Foreign exchange	The Company operates in a variety of jurisdictions and, as such, expects to generate revenue and incur costs and expenses in more than one currency. Consequently, movements in currency exchange rates may adversely or beneficially affect the Company's results or operations and cash flows.	Section 5.2
Product liability	Adverse events could expose the Company to product liability claims or litigation, resulting in the removal of regulatory approval for the relevant products and/or monetary damages being awarded against the Company.	Section 5.2
Protection of Intellectual Property Rights	The commercial value of the Company's intellectual property assets is dependent on any relevant legal protections. These legal mechanisms, however, do not guarantee that the intellectual property will be protected or that the Company's competitive position will be maintained. No assurance can be given that employees or third parties will not breach confidentiality agreements, infringe or misappropriate the Company's intellectual property or commercially sensitive information, or that competitors will not be able to produce non-infringing competitive products.	Section 5.2
Data loss, theft or corruption	Exploitation or hacking of any of the Company's systems or networks could lead to corruption, theft or loss of the data which could have a material adverse effect on the Company's business, financial condition and results. Further, if the Company's systems, networks or technology are subject to any type of 'cyber' crime, its technology may be perceived as insecure which may lead to a decrease in the number of customers.	Section 5.2

1.5 Directors' Interests in Securities

The relevant interest of each of the Directors in the Securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below:

Director	Shares	Options, Warrants and Performance Rights	Entitlement ¹	Percentage ³ Minimum Subscription		Percentage ³ Maximum Subscription	
				Undiluted	Fully Diluted	Undiluted	Fully Diluted
Daniel Roberts ⁴	9,900,544	14,304,940	14,850,816 \$59,403	5.91%	7.59%	3.77%	4.55%
David Shapiro ⁵	7,919,291	2,000,000	11,878,937 \$47,516	4.73%	4.74%	3.02%	2.84%
Anthony Brown ⁶	5,737,699	2,832,543	8,606,549 \$34,426	3.43%	3.63%	2.19%	2.17%
Martin Pretty ⁷	7,197,497	6,084,542	10,796,246 \$43,185	4.30%	4.91%	2.74%	2.94%
Ryan McCall ⁸	394,000	6,472,282	591,000 \$2,364	0.24%	1.13%	0.15%	0.68%

Notes:

1. Entitlement to Shares under the Offer and investment payable if Entitlement accepted in its entirety. Under the terms of the Offer, Shareholders will receive one New Option for every Share issued.
2. Refer to Section 1.3 and the announcement dated 11 June 2024 for further details with respect to the Debt Conversion.
3. All percentage calculations assume that each Director takes up its full Entitlement under the Offer. Fully diluted percentage calculations assume that all New Options to be issued under the Offer are exercised. The percentages set out in this table ignore the proposed Debt Conversion, which will occur subsequent to the Offer completing and are dealt with in the table below.
4. Mr Roberts directly holds:
 - (a) 1,304,940 Warrants exercisable at \$0.05 on or before 1 May 2026;
 - (b) 2,000,000 Options exercisable at \$0.07 on or before 16 July 2024;
 - (c) 11,000,000 Performance Rights on the terms set out in the notice of meeting dated 13 October 2023; and
 - (d) 86,966 Loan Notes, 50% of which are to be converted into Shares and Options, subject to Shareholder approval.
5. Mr Shapiro directly holds 2,000,000 Options exercisable at \$0.07 on or before 16 July 2024.
6. Mr Brown indirectly holds:
 - (a) 2,632,543 Options exercisable at \$0.07 on or before 16 July 2024;
 - (b) 50,000 Options exercisable at \$0.07 on or before 18 March 2025;
 - (c) 150,000 Warrants exercisable at \$0.05 on or before 1 May 2026;
 - (d) 10,000 Loan Notes, all of which are to be converted into Shares and Options under the Debt Conversion, subject to Shareholder approval (refer to Section 1.3 for further details); and
 - (e) 56,250 Convertible Notes, which are to be converted into Shares and Options under the Debt Conversion, subject to Shareholder approval (refer to Section 1.3 for further details).
7. Mr Pretty directly and indirectly holds:
 - (a) 5,656,751 Options exercisable at \$0.07 on or before 16 July 2024;
 - (b) 60,000 Options exercisable at \$0.07 on or before 18 March 2025;
 - (c) 367,791 Warrants exercisable at \$0.05 on or before 1 May 2026;
 - (d) 24,546 Loan Notes, all of which are to be converted into Shares and Options under the Debt Conversion, subject to Shareholder approval (refer to Section 1.3 for further details); and
 - (e) 92,500 Convertible Notes, which are to be converted into Shares and Options under the Debt Conversion, subject to Shareholder approval (refer to Section 1.3 for further details).

In addition, subject to Shareholder approval, an entity controlled by Mr Pretty is entitled to an additional 405 Warrants exercisable at \$0.05 on or before 1 May 2026 for a former investment made under the Loan Note Deed, which were not issued due to an administrative error when seeking Shareholder approval. Shareholder approval for these Warrants is to be sought at the General Meeting.
8. Mr McCall directly and indirectly holds:
 - (a) 4,956,532 Performance Rights on the terms set out in the notice of meeting dated 13 October 2022; and
 - (b) 1,515,750 Warrants exercisable at \$0.05 on or before 1 May 2026.

The Board recommends all Shareholders take up their Entitlements. The Directors reserve the right to take up their respective Entitlement in whole or in part at their discretion.

As noted above and as detailed further in Section 1.3, the Company also intends to undertake the Debt Conversion. Set out below are details of the Directors' interests in Loan Notes and Convertible Notes, which form part of the Debt Conversion.

Director	Convertible Notes	Loan Notes to Convert	Debt Conversion Shares ¹	Debt Conversion and Fee Options ¹	Percentage ²		Percentage	
					Minimum Subscription		Maximum Subscription	
					Undiluted	Fully Diluted	Undiluted	Fully Diluted
Daniel Roberts ³	-	43,483	18,403,869	20,312,548	3.05%	3.33%	2.61%	2.85%
Anthony Brown ⁴	56,250	10,000	18,101,789	18,321,263	2.30%	2.24%	1.97%	1.91%
Martin Pretty ⁵	92,500	24,546	33,039,972	33,578,701	3.61%	3.65%	3.09%	3.12%
Ryan McCall ⁶	-	50,525	21,384,344	23,602,131	1.58%	1.91%	1.36%	1.63%

Notes:

1. Refer to Section 1.3 and the announcement dated 11 June 2024 for further details with respect to the Debt Conversion.
2. All percentages assume the Directors take up their full Entitlements under the Offer.
3. Daniel Roberts has agreed to convert US\$43,483 in Loan Notes under the Debt Conversion, with interest accrued to him to be paid out on completion of the Debt Conversion. Following conversion, Mr Roberts will retain US\$43,483 in Loan Notes.
4. An entity associated with Anthony Brown has agreed to convert \$56,250 in Convertible Notes and US\$10,000 in Loan Notes plus US\$500 in interest (assuming conversion on 31 August 2024). Following conversion, Mr Brown will cease to hold any Convertible Notes or Loan Notes.
5. Entities associated with Martin Pretty have agreed to convert \$92,500 in Convertible Notes and US\$24,546 in Loan Notes, with interest accrued to him to be paid out on completion of the Debt Conversion. Following conversion, Mr Pretty will cease to hold any Convertible Notes or Loan Notes. An entity associated with Mr Pretty has also agreed to sub-underwrite the Offer for up to \$82,000.17. In the event the full sub-underwritten amount is taken up, an additional 20,500,043 Shares and 20,500,043 New Options will be issued. Refer to Section 1.8 for an analysis with respect to the control impact of this sub-underwriting.
6. Ryan McCall has agreed to convert US\$50,525 in Loan Notes and accrued interest of US\$5,052.50 under the Debt Conversion (assuming conversion on 31 August 2024). Following conversion, Mr McCall will retain US\$50,525 in Loan Notes, with all interest accruing to the date of conversion to be converted.

1.6 Details of Substantial Holders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
National Nominees Limited ¹	44,650,000	17.01%
Altior Capital Management Pty Ltd ¹	14,769,048	5.63%

Notes:

1. Each of the substantial holders named above are holders of Convertible Notes and will be issued Debt Conversion Shares and Debt Conversion Options on conversion of their Convertible Notes. Refer to Section 1.8 for further information with respect to the control impact of the Debt Conversion.

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

1.7 Underwriting and sub-underwriting

The Offer is partially underwritten by PAC Partners Securities Pty Ltd (ABN 68 623 653 912) (AFSL 335 374) (**PAC Partners** or **Lead Manager**). Refer to Section 6.4.1 for details of the terms of the underwriting. PAC Partners is a holder of 87,500 Convertible Notes, which are to be converted into 21,874,995 Shares and 21,874,995 New Options upon completion of the Debt Conversion.

PAC Partners has also been appointed as the lead manager of the Offer. The terms of the lead manager appointment and total fees payable are set out in Section 6.4.1 and 6.4.3 below.

PAC Partners has entered into a number of sub-underwriting agreements in respect of the Shortfall Securities, including with entities associated with Martin Pretty (a Director of the Company). No sub-underwriter will increase their shareholding to above 19.99% as a direct result of the issue of Securities under the Offer. Where Shares are issued pursuant to the exercise of New Options, the voting power of the sub-underwriters who exercise their New Options will increase. The likelihood of New Options being exercised is dependent on the price of Shares from time to time until the New Options expire.

Refer to Section 6.4.2 for further detail of the sub-underwriting agreements.

1.8 Effect on Control

Based on current shareholding and Entitlements of Shareholders (including substantial Shareholders) as at the date of this Prospectus, together with holdings of Convertible Notes and Loan Notes, regardless of the amount raised under the Offer, no Shareholder will increase their holding, to an amount in excess of 19.9% through applying for their Entitlements.

Further as set out in Section 2.8, on the basis of the allocation policy, no person will acquire, through participation in the Shortfall Offer a holding of Shares of, or increase their holding to, an amount in excess of 19.9% of all the Shares on issue on completion of the Offer, including the Underwriter if it is required to take up 100% of the Underwritten Amount.

On completion of the Debt Conversion, it is anticipated that the following persons will acquire a voting power in the Company in excess of 5%:

Shareholder	Current	Entitlement	Sub-underwriting Commitment	Debt Conversion Shares	% Minimum Subscription ¹		% Maximum Subscription ¹	
					Undiluted	Diluted	Undiluted	Diluted
National Nominees Limited ²	44,650,000	66,975,000	-	153,125,000	18.74%	18.35%	16.04%	15.67%
Altor Capital Management Pty Ltd ³	14,769,048	22,153,572	-	30,937,493	4.80%	4.54%	4.11%	3.88%
Cameron Drummond ⁴	-	-	20,000,000	207,779,083	16.12%	17.21%	13.80%	14.70%
Ed Drummond ⁵	-	-	-	211,621,420	14.98%	16.56%	12.82%	14.14%
Martin Pretty ⁶	7,197,497	10,796,246	20,500,043	33,039,972	5.06%	5.13%	4.33%	4.38%

Notes:

1. All percentages assume the relevant holder takes up its entitlement under the Offer.
2. National Nominees Limited (**NNL**) holds Shares as nominee and trustee for FundHost Limited in its capacity as responsible entity for Eternal Growth Partners Concentrated Value Fund (**EGP**). EGP has confirmed to the Company that, in the event the Company does not raise a minimum of \$1,000,000 under the Placement and the Offer, it will subscribe, or procure subscriptions, for up to \$50,000 worth of Securities under the Shortfall Offer, provided that it will not take up Securities under the Offer to the extent that doing so would result in its voting power in the Company increasing beyond 19.9%. National Nominees Limited (**NNL**) will also be issued 152,125,000 New Options on conversion of Convertible Notes.
3. Altor Capital Management Pty Ltd (**ACM**) has confirmed to the Company that, in the event the Company does not raise a minimum of \$1,000,000 under the Placement and the Offer, it will subscribe, or procure subscriptions, for up to \$50,000 worth of Securities under the Shortfall Offer. ACM will also be issued 30,937,493 New Options on conversion of Convertible Notes, together with one New Option for each Share subscribed pursuant to its entitlement under the Offer.
4. Cameron Drummond will also be issued 222,595,785 Options on conversion of Loan Notes held by him or entities he controls including 13,038,698 Class A Fee Options and 14,816,702 Class B Fee Options.
5. Ed Drummond will also be issued 233,568,838 Options on conversion of Loan Notes held by him or entities he controls, including 19,313,728 Class A Fee Options and 21,947,418 Class B Fee Options.
6. Martin Pretty will also be issued 23,124,995 Options on conversion of Convertible Notes and 10,453,706 Options on conversion of Loan Notes held by him or entities he controls, including 474,082 Class A Fee Options and 538,179 Class B Fee Options, together with one New Option for every Share issued pursuant to entitlements under the Offer.

There will be no change to any Shareholder's voting power as a result of the issue of the Options. Where such Options are exercised into Shares, the voting power of the Shareholders who exercise the Options will increase. The likelihood of Options being exercised is dependent on the price of Shares from time to time until the Options expire.

It is noted that the Class A Fee Options are exercisable at the same price as the issue price of Shares under the Offer, which may increase the likelihood of them being exercised. However, no Options can be exercised if it would result in a contravention of the 20% prohibition under the Corporations Act.

1.9 Potential dilution on non-participating Shareholders

In addition to potential control impacts set out in Section 1.8, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 60% in the event the Maximum Subscription is raised (as compared to their holdings and number of Shares on issue as at the date of this Prospectus).

No immediate dilution will occur as a result of the issue of Options under this Prospectus. However subsequent exercise of any or all of the Options will result in dilution.

For illustrative purposes, the table below shows how the dilution may impact the holdings of Shareholders if the Maximum Subscription is raised:

Holder	Holding as at Record date	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer
Shareholder 1	10,000,000	3.82%	15,000,000	10,000,000	1.53%
Shareholder 2	5,000,000	1.91%	7,500,000	5,000,000	0.76%

Shareholder 3	1,500,000	0.57%	2,250,000	1,500,000	0.23%
Shareholder 4	400,000	0.15%	600,000	400,000	0.06%
Shareholder 5	50,000	0.02%	75,000	50,000	0.01%
Total	262,032,339		656,299,598		

Notes:

1. This is based on a share capital of 266,127,339 Shares as at the Record Date and assumes no Options, Warrants or Performance Rights are exercised and no other Shares are issued.
2. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted by Eligible Shareholders are placed under the Underwriting Agreement and Shortfall Offer. In the event all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

Further, in the event that the Company completes the Debt Conversion and Placement Tranche 2, an additional 994,111,279 Shares will be issued and Shareholders that do not participate will be diluted by approximately 81% (on Minimum Subscription) and 84% (on Maximum Subscription).

The Debt Conversion and Placement Tranche 2 will also cause dilution to Shareholders that elect to take up their Entitlements under the Offer. In the event the Debt Conversion and Placement Tranche 2 are completed, Shareholders that take up their full Entitlement under the Offer will be diluted by approximately 70% (on Minimum Subscription) and 60% (on Maximum Subscription) following completion of the Offer.

2. DETAILS OF THE OFFER

2.1 The Offer

The Offer is being made as a pro-rata non-renounceable entitlement issue of 3 Shares for every 2 Shares held by Shareholders registered at the Record Date at an issue price of \$0.004 per Share together with 1 New Option for every Share subscribed for and issued. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, (and assuming no Shares are issued prior to the Record Date including on exercise or conversion of securities on issue, other than under the Placement) approximately 393,779,759 Shares and 393,779,759 New Options may be issued under the Offer to raise up to approximately \$1,575,119. No funds will be raised from the issue of the New Options.

As at the date of this Prospectus the Company has 135,480,937 Options, Warrants and Performance Rights on issue all of which may be exercised (subject to vesting of the Performance Rights) prior to the Record Date in order to participate in the Offer. Please refer to Section 4.2 for information on the exercise price and expiry date of the Options on issue.

All of the Shares offered under the Offer will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 4.1 for further information regarding the rights and liabilities attaching to the Shares. The New Options will be exercisable at \$0.005 on or before 13 June 2026 and otherwise on the terms set out in Section 4.2.

The purpose of the Offer and the intended use of funds raised are set out in Section 3.

2.2 The Secondary Offers

This Prospectus includes an offer of:

- (a) to the holders of Convertible Notes and Loan Notes:
 - (i) 368,750,000 Convertible Note Shares, together with one attaching Convertible Note Option for each Convertible Note Share issued;
 - (ii) 517,111,279 Loan Note Shares together with one attaching New Option for each Loan Note Share issued;
 - (iii) 44,000,000 Fee Shares;
 - (iv) 44,000,000 Class A Fee Options; and
 - (v) 50,000,000 Class B Fee Options,(together the **Debt Conversion Offers**);
- (b) to the participants in the Placement (**Placement Participants**), 64,250,000 Placement Shares and 93,854,957 Placement Options (**Placement Offer**); and

- (c) an offer of 1,000 Shares at an issue price of \$0.004 per Share for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company prior to the Secondary Offer Closing Date (**Cleansing Offer**).

Only the holders of Convertible Notes and Loan Notes may accept the Debt Conversion Offers and only the Placement Participants may accept the Placement Offer. A personalised application form in relation to the Debt Conversion Offers and Placement Offer will be issued to the relevant parties together with a copy of this Prospectus. The Cleansing Offer will only be extended to specific parties on invitation from the Directors. Application Forms will only be provided by the Company to these parties.

All of the Shares (to the extent that offer includes Shares) offered under the Debt Conversion Offers, Placement Offer and Cleansing Offer (together, the **Secondary Offers**) will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 4.1 for further information regarding the rights and liabilities attaching to the Shares.

The Convertible Note Options, Loan Note Options, Class B Fee Options and Placement Options will be exercisable at \$0.005 on or before 13 June 2026 and otherwise on the terms set out in Section 4.2. The Class A Fee Options will be exercisable at \$0.004 on or before 13 June 2026 and otherwise on the terms set out in Section 4.2.

The issue of Securities under the Debt Conversion Offers is conditional upon the Company raising the Minimum Subscription under the Offer. It is not currently anticipated that any Shares will be issued under the Cleansing Offer.

2.3 Cleansing Offer

The Company is seeking to raise only a nominal amount of \$4 under the Cleansing Offer and, accordingly, the purpose of the Cleansing Offer is not to raise capital.

The primary purpose of the Cleansing Offer is to remove any trading restrictions that may have attached to Shares issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the Secondary Offer Closing Date so that, following quotation of those Shares, any on-sale of Shares issued before the Secondary Offer Closing Date does not breach section 707(3) of the Corporations Act. This will include the Shares issued under Placement Tranche 1 and any Shares issued on exercise of Options, Performance Rights or Warrants prior to the Secondary Offer Closing Date (including prior to the date of this Prospectus).

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

- (a) the relevant securities are in a class of securities that are quoted securities of the body;
- (b) either:
 - (i) a prospectus is lodged with the ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
 - (ii) a prospectus is lodged with ASIC 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; and

- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

The Shares are in a class of quoted securities. It is not currently intended that any Shares will be issued under the Cleansing Offer.

2.4 What Eligible Shareholders may do

The number of Securities to which Eligible Shareholders are entitled is shown on the personalised Entitlement and Acceptance Form which can be accessed at <https://investor.automic.com.au/#/home>. Eligible Shareholders may choose any of the options set out in the table below.

Option	Key Considerations	For more information
Take up all of your Entitlement	<ul style="list-style-type: none"> Should you wish to accept all of your Entitlement, then your application for Securities under this Prospectus must be made by following the instructions on the personalised Entitlement and Acceptance Form which can be accessed at https://investor.automic.com.au/#/home. Please read the instructions carefully. Payment can be made by the methods set out in Section 2.5. As set out in Section 2.5, if you pay by BPAY or EFT, you do not need to return the Entitlement and Acceptance Form. 	Section 2.5 and Section 2.6.
Take up all of your Entitlement and also apply for Shortfall Securities	<ul style="list-style-type: none"> Should you wish to accept all of your Entitlement and apply for Shortfall Securities, then your application for your Entitlement and additional Shortfall Securities under this Prospectus must be made by following the instructions on your personalised Entitlement and Acceptance Form which can be accessed at https://investor.automic.com.au/#/home. Please read the instructions carefully. Payment can be made by the methods set out in Section 2.5. Payment should be made for your Entitlement and the amount of the Shortfall for which you are applying. If you apply for Shortfall Securities beyond your Entitlement you are deemed to have accepted your Entitlement in full. You should note that the allocation of Shortfall Securities is at the Company's absolute discretion as per the allocation policy set out in Section 2.8. Accordingly, your application for additional Shortfall Securities may be scaled-back. The Company's decision on the number of Shortfall Securities to be allocated to you will be final. 	Sections 2.5, 2.6 and 2.8.
Take up a proportion of your Entitlement and allow the balance to lapse	<ul style="list-style-type: none"> If you wish to take up only part of your Entitlement and allow the balance to lapse, your application must be made by completing the personalised Entitlement and Acceptance Form which can be accessed at https://investor.automic.com.au/#/home for the number of Securities you wish to take up and making payment using the methods set out in Section 2.5 below. As set out in Section 2.5, if you pay by BPAY or EFT, you do not need to return the Entitlement and Acceptance Form. 	Section 2.5 and Section 2.6

Option	Key Considerations	For more information
Allow all or part of your Entitlement to lapse	<ul style="list-style-type: none"> If you do not wish to accept any part of your Entitlement, you are not obliged to do anything. If you do not take up your Entitlement by the Closing Date, the Offer to you will lapse. 	N/A

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

2.5 Payment options

(a) By BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (i) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form;
- (ii) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your Application monies; and
- (iii) if you pay more than is required to subscribe for your Entitlement, you will be taken to have applied for Shortfall Securities (if any) under the Shortfall Offer, to the extent of the excess.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. **It is your responsibility to ensure that funds submitted through BPAY® are received by 5:00pm (AEST) on the Closing Date. The Company shall not be responsible for any delay in the receipt of the BPAY® payment.**

Guidance where you have more than one CRN (Shareholding of Shares)

If you have more than one shareholding of Shares and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those Shareholdings only use the CRN specific to that Shareholding as set out in the applicable Entitlement and Acceptance Form. **Do not use the same CRN for more than one of your Shareholdings.** This can result in your Application monies being applied to your Entitlement in respect of only one of your Shareholdings (with the result that any Application in respect of your remaining Shareholdings will not be valid).

(b) By Electronic Funds Transfer (overseas applicants)

For payment by Electronic Funds Transfer (EFT) for Australian and overseas Eligible Shareholders, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via EFT if you are the holder of an account that supports EFT transactions to an Australian bank account. Please note that should you choose to pay by EFT:

- (i) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form;
- (ii) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your Application monies; and
- (iii) if you pay more than is required to subscribe for your Entitlement, you will be taken to have applied for Shortfall Securities (if any) under the Shortfall Offer, to the extent of the excess.

(c) **By Cheque**

Payment by cheque or cash will not be accepted.

2.6 Implications of an acceptance

Returning a completed Entitlement and Acceptance Form or paying any Application monies by BPAY® or EFT will be taken to constitute a representation by you that:

- (a) you have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety;
- (b) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® or EFT payment instruction is given in relation to any Application monies, the application may not be varied or withdrawn except as required by law; and
- (c) you have a registered address in Australia or New Zealand or, if in the United States, you are an Approved US Investor and have completed and returned a US investor certificate, which is available from the Company, together with your Entitlement and Acceptance Form.

2.7 Minimum subscription

The minimum subscription under the Offer is 156,145,043 Shares (\$624,580) (**Minimum Subscription**), being the minimum amount required, when aggregated with the Placement, to be raised to trigger conversion of the Convertible Notes and Loan Notes.

The Company raised \$118,420 under the Placement Tranche 1 and has the following additional commitments:

- (a) commitments under the Placement Tranche 2 to raise an additional \$257,000 under the Placement, subject to Shareholder approval;
- (b) underwriting commitments in respect of the Offer for an aggregate of \$458,580; and
- (c) commitments from investors for up to \$166,000 to place shortfall under the Offer, to the extent required to meet the Minimum Subscription under the Offer.

No Securities will be issued until the Minimum Subscription has been received. If the Minimum Subscription is not achieved within 4 months after the date of issue of this Prospectus, the Company will either repay the Application monies to the

Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Application and be repaid their Application monies.

2.8 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer. (**Shortfall Securities**). The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.004 being the price at which Shares have been offered under the Offer.

If you do not wish to take up any part of your Entitlement you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall Offer and potentially be allocated to other Eligible Shareholders or other third parties as part of the Shortfall Offer. The Shortfall Offer will only be available where there is a Shortfall between applications received from Eligible Shareholders and the number of Shares proposed to be issued under the Offer.

Eligible Shareholders who wish to subscribe for Securities above their Entitlement are invited to apply for Shortfall Securities under the Shortfall Offer by completing the appropriate section on their Entitlement and Acceptance Form or by making payment for such Shortfall Securities in accordance with Section 2.5.

Allocation of the Shortfall Shares will be at the discretion of the Board in conjunction with the Underwriter and will otherwise be subject to the terms of the Underwriting Agreement, details of which are set out in Section 6.4.1. If the Offer is oversubscribed (by take up of Entitlements and applications for Shortfall Securities by Eligible Shareholders), scale back will be applied to applications under the Shortfall Offer on a pro-rata basis to the respective shareholdings of Eligible Shareholders. There is no guarantee that Eligible Shareholders will receive Securities applied for under the Shortfall Offer.

The Underwriter notes that no Securities will be issued to an applicant under this Prospectus or via the Shortfall Offer if the issue of Securities would contravene the takeover prohibition in section 606 of the Corporations Act. Similarly, no Securities will be issued via the Shortfall Offer to any related parties of the Company.

2.9 ASX Waivers

(a) ASX Listing Rule 7.11.3

ASX Listing Rule 7.11.3 provides that the ratio of securities offered under a pro rata rights issue must not be greater than one security for each security held. ASX Listing Rule 7.11.3 does not apply where the offer is renounceable and the issue price is not more than the VWAP for securities in that class, calculated over the last 5 days on which sales in the securities were recorded before the day on which the issue was announced.

The Company's Shares have been suspended from official quotation since 19 April 2024 and will continue to be suspended until such time as ASX is satisfied that the Company's financial position is adequate to warrant the continued quotation of its securities and continued listing of the Company, including satisfying any reinstatement conditions imposed by ASX. As such, the Company cannot make the Offer on a renounceable basis in order to comply with ASX Listing Rule 7.11.3. The Company therefore sought, and ASX granted, a waiver of ASX Listing Rule

7.11.3 to the extent necessary to permit the Company to proceed with the Offer on the terms set out in this Prospectus.

It is a condition of the waiver that Company obtain Shareholder approval for the terms of the Offer. A resolution will be put to Shareholders at the General Meeting to seek to satisfy this condition. The Company has otherwise complied with the conditions of the waiver.

(b) ASX Listing Rule 7.15

The Company has also been granted a waiver of ASX Listing Rule 7.15 to permit the Company to undertake the Offer with a record date that is prior to the General Meeting (at which the Company will seek the requisite Shareholder approval in accordance with the waiver of ASX Listing Rule 7.11.3 granted to the Company), on the condition that the Company's securities are not reinstated to trading prior to the General Meeting.

2.10 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of three months after the date of issue of the Prospectus (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all Application monies for the Shares within the time prescribed under the Corporations Act, without interest.

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

2.11 Issue of Securities

Securities issued pursuant to the Offers will be issued in accordance with the ASX Listing Rules and timetable set out at Section 1.

Securities issued pursuant to the Shortfall Offer will be issued on a progressive basis. Where the number of Securities issued is less than the number applied for, or where no issue is made surplus Application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

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

Holding statements for Securities issued under the Offer will be mailed as soon as practicable after the issue of Securities and for Shortfall Securities issued under the Shortfall Offer as soon as practicable after their issue.

2.12 Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Securities these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia, New Zealand or the United States (to the extent such Shareholder is an Approved US Investor).

New Zealand

This Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This Offer and the content of the Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and the regulations made under that Act set out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

United States

The Shares, the Options and the Shares underlying the Options offered under this Prospectus have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. Accordingly, such securities may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

The Offer is being made in the United States only to a limited number of shareholders and noteholders of the Company who are "accredited investors" (as defined in Rule 501(a) under the US Securities Act). In order to participate in the Offer, such persons must sign and return a US investor certificate that is available from the Company to confirm, amongst other things, that such person is an accredited investor.

Nominees and custodians

Nominees and custodians may not submit an Entitlement and Acceptance Form on behalf of any Shareholder resident outside Australia or New Zealand without the prior consent of the Company, taking into account relevant securities law restrictions. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

3. PURPOSE AND EFFECT OF THE OFFER

3.1 Purpose of the offer

The purpose of the Offer is to raise up to \$1,575,119 before costs.

The funds raised from the Offer and Placement are intended to be applied in accordance with the table set out below:

Item	Proceeds of the Offer	Minimum Subscription (\$)	%	Full Subscription (\$)	%
1.	Employee Wages ¹	400,000	40.00%	728,664	37.36%
2.	New Product Development	-	-	200,000	10.25%
3.	Payment of Loan Note and Convertible Note Interest ²	392,664	39.27%	392,664	20.13%
4.	Working capital	98,790	9.88%	500,000	25.63%
5.	Expenses of the Offer ⁴	108,546	10.85%	129,231	6.63%
	Total	1,000,000	100.00%	1,950,539	100.00%

Notes:

1. Employee wages to support current ongoing operations, roll-out of products with Lumen and IMG throughout 2024, and support the partners with respect to the newly developed Wi-Fi sensing security product roll-out. The Company has undertaken a cost reduction process starting in February 2024, with additional measures implemented in May and another anticipated in early July 2024. As a result, the Company's average cash burn has decreased from US\$200,000 to US\$100,000 per month. The Company anticipates further reductions to result in an average US\$50,000 cash burn per month in July 2024. The annual savings amounts to greater than A\$1.3M with current reductions and is anticipated to be over A\$1.8M after anticipated further reductions.
2. Refer to Section 1.3 for further details with respect to interest payments. This value assumes conversion of all Convertible Notes and Loan Notes, and payment of applicable interest, on 31 July 2024. The Company notes that part of the accrued Loan Note interest will be converted into Shares and Options as set out in Section 1.3(d). The Company further notes that it intends to pay the Loan Note and Convertible Note interest over the balance of the year (i.e. not in its entirety immediately post-Offer).
3. Refer to Section 6.8 for further details relating to the estimated expenses of the Offer.

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

Notwithstanding the above, on completion of the Offer, assuming the Minimum Subscription is raised and based on the Company's internal anticipated cashflows, which the Board considers to be reasonable and based upon appropriate assumptions for internal purposes, the Board believes the Company will have sufficient working capital to sustain its ongoing operational and corporate costs over a 12-month period following completion of the Offer and Debt Conversion. However, in the event less than the Maximum Subscription is raised, the Company will need to modify its operational objectives with respect to new product development and will not be able to support its roll-out program as aggressively as desired, which may result in delay or substantial changes to the

Company's future plans until such time as warranted through the Company's anticipated cashflows or raising of further capital.

In addition, it should be noted that the Company's budgets and forecasts will be subject to modification on an ongoing basis depending on the results achieved from its business activities and operations.

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

3.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted, and no Shares are issued including on exercise or conversion of other Securities on issue prior to the Record Date, will be to:

- (a) increase the cash reserves by \$1,468,413 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer;
- (a) increase the number of Shares on issue from 262,519,839 as at the Record Date to 656,299,598 Shares; and
- (b) increase the number of Options on issue from 118,963,676 as at the date of this Prospectus to 512,743,435 Options, in each case including Warrants on issue but excluding Performance Rights.

It is noted that the above values do not include the issues of Shares and Options on completion of the Debt Conversion, Placement Tranche 2 or the issue of Placement Options, each of which are subject to Shareholder approval and are anticipated to occur after completion of the Offer.

3.3 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted, and no Shares are issued including on exercise or conversion of other Securities on issue prior to the Record Date, other than under the Placement, is set out below.

Shares

	Minimum Subscription	Maximum Subscription
Shares currently on issue	262,519,839	262,519,839
Shares offered pursuant to the Offer	156,145,043	393,779,759
Sub-Total	418,664,882	656,299,598
Placement Shares (Tranche 2)	64,250,000	64,250,000
Convertible Note Shares ¹	368,750,000	368,750,000
Loan Note Shares ¹	517,111,279	517,111,279
Fee Shares ¹	44,000,000	44,000,000
Total Shares on issue after completion of the Offer and Debt Conversion	1,412,776,161	1,650,410,877

Notes:

1. Refer to Section 1.3 for further details with respect to the Debt Conversion.

Options

	Minimum Subscription	Maximum Subscription
Options currently on issue	135,480,937	135,480,937
New Options to be issued pursuant to the Offer	156,145,043	393,779,759
Sub-Total	291,625,980	529,260,696
Placement Options ¹	93,854,957	93,854,957
Convertible Note Options ^{1, 2}	368,750,000	368,750,000
Loan Note Options ^{1, 2}	517,111,279	517,111,279
Fee Options ^{1, 2}	94,000,000	94,000,000
Total Options on issue after completion of the Offer and Debt Conversion	1,365,342,216	1,602,976,932

Notes:

1. The issue of Placement Options, Convertible Note Options, Loan Note Options and Fee Options are each subject to Shareholder approval.
2. Refer to Section 1.3 for further details with respect to the Debt Conversion.

Performance Rights

	Number
Performance Rights currently on issue	16,517,261
Performance Rights offered pursuant to the Offer	Nil
Total Performance Rights on issue after completion of the Offer	16,517,261

The capital structure on a fully diluted basis as at the date of this Prospectus would be 398,000,776 Shares and on completion of the Offer (assuming all Entitlements are accepted, and no Shares are issued including on exercise or conversion of other Securities on issue prior to the Record Date) would be 1,185,560,293 Shares and on Minimum Subscription would be 710,290,861.

In the event the Debt Conversion occurs, Placement Tranche 2 completes, and the Placement Options are issued the capital structure on a fully diluted basis would be 3,253,387,808 on Maximum Subscription and 2,778,118,376 Shares on Minimum Subscription.

No Shares, Options, Performance Rights or Warrants on issue are subject to escrow restrictions, either voluntary or ASX imposed.

3.4 Pro-forma balance sheet

The unaudited balance sheet as at 31 March 2024 and the unaudited pro-forma balance sheet as at 31 March 2024 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, the Placement is completed prior to the Record Date, no Options or convertible securities are exercised prior to the Record Date and including expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	UNAUDITED 31 March 2024 \$	PROFORMA Minimum Raise \$	PROFORMA Maximum Raise \$
CURRENT ASSETS			
Cash	121,147	1,067,787	1,999,315
Trade and other receivables	78,111	78,111	78,111
Inventories	103,429	103,429	103,429
Other current assets	84,266	84,266	84,266
TOTAL CURRENT ASSETS	386,952	1,333,592	2,265,120
NON-CURRENT ASSETS			
TOTAL NON-CURRENT ASSETS	-	-	-
TOTAL ASSETS	386,952	1,333,592	2,265,120
CURRENT LIABILITIES			
Trade and other payables	2,341,318	2,328,791	2,328,791
Unearned revenue	116,988	116,988	116,988
Borrowings	1,812,763	337,763	337,763
TOTAL CURRENT LIABILITIES	4,271,069	2,783,542	2,783,542
NON-CURRENT LIABILITIES			
Borrowings	2,949,823	1,262,148	1,262,148
Long-term financial liabilities	384,375	-	-
TOTAL NON-CURRENT LIABILITIES	3,334,198	1,262,148	1,262,148
TOTAL LIABILITIES	7,605,267	4,045,690	4,045,690
NET ASSETS (LIABILITIES)	(7,218,315)	(2,712,098)	(1,780,570)
EQUITY			
Issued capital	18,254,256	23,304,717	24,236,245
Reserves	6,081,357	7,898,458	7,898,458
Accumulated losses	(31,553,928)	(33,915,272)	(33,915,272)
TOTAL EQUITY	(7,218,315)	(2,712,098)	(1,780,570)

Notes:

The Pro-forma balance sheet has been prepared assuming:

1. an offer of 368,750,000 Convertible Note Shares and 368,750,000 Convertible Note Options to holders of Convertible Notes to settle all outstanding Convertible Notes on issue (\$1,475,000) and extinguish the related embedded derivative (\$384,375) associated with

the Convertible Notes. This transaction includes financing costs associated with the issue of additional Options of \$744,982;

2. an offer of 517,111,279 Loan Note Shares and 517,111,279 Loan Note Options to holders of Loan Notes on conversion of a portion of Loan Notes on issue, resulting in a net reduction of these loans by \$1,687,675 and additional financing costs associated with the issue of Options of \$1,044,714;
3. an offer of 44,000,000 Fee Shares and 94,000,000 Fee Options to holders of Loan Notes in consideration for the extension of the maturity date for the Loan Notes and consent to completion of the Offer, Placement and Debt Conversion, resulting in additional financing costs associated with the issue of the Shares and Options of \$374,975;
4. a pro-rata non-renounceable entitlement issue at an issue price of \$0.004 per Share together with one (1) free New Option for every Share applied for and issued to raise Minimum of \$624,580 and up to a Maximum of \$1,575,119 (less costs);
5. an offer of 93,854,957 Placement Shares and 1 free attaching New Option for every Share issued to the Placement Participants to raise \$375,420 under the Placement (less costs).

4. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

4.1 Rights and liabilities attaching to Shares

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

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

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company. The Company's constitution permits the use of technology at general meetings of shareholders (including wholly virtual meetings), to the extent permitted under the Corporations Act, Listing Rules and applicable law.

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

(b) Voting rights

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

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

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

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

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

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

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

(e) **Shareholder liability**

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

(f) **Transfer of shares**

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

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

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

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

(i) **Alteration of constitution**

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

4.2 Terms of New Options, Convertible Note Options, Loan Note Options, Fee Options and Placement Options

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be:

(i) for all New Options, Convertible Note Options, Loan Note Options, Class B Fee Options and Placement Options – \$0.005; and

(ii) for all Class A Fee Options - \$0.004,

(Exercise Price).

(c) **Expiry Date**

Each Option will expire at 5pm (AEST) on 13 June 2026 **(Expiry Date)**. A New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

The New Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the New Option

certificate (**Notice of Exercise**) and payment of the Exercise Price for each New Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

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

(g) **Timing of issue of Shares on exercise**

Within 5 Business Days after the Exercise Date, the Company will:

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

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

(h) **Shares issued on exercise**

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

(i) **Reconstruction of capital**

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

(j) **Participation in new issues**

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

(k) **Change in exercise price**

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

(l) **Transferability**

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

5. RISK FACTORS

5.1 Introduction

The Securities offered under this Prospectus should be considered as highly speculative and an investment in the Company is not risk free.

The Directors strongly recommend that prospective investors consider the risk factors set out in this Section 5, together with all other information contained in this Prospectus.

The future performance of the Company and the value of the Securities may be influenced by a range of factors, many of which are largely beyond the control of the Company and the Directors. The key risks associated with the Company's business, the industry in which it operates and general risks applicable to all investments in listed securities and financial markets generally are described below.

The risks factors set out in this Section 5, or other risk factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Securities. This Section 5 is not intended to provide an exhaustive list of the risk factors to which the Company is exposed.

Before determining whether to invest in the Company you should ensure that you have a sufficient understanding of the risks described in this Section 5 and all of the other information set out in this Prospectus and consider whether an investment in the Company is suitable for you, taking into account your objectives, financial situation and needs.

If you do not understand any matters contained in this Prospectus or have any queries about whether to invest in the Company, you should consult your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

5.2 Company specific

Risk Category	Risk
Going Concern	<p>The Company's Financial Report includes a note on the financial condition of the Company and the possible existence of a material uncertainty about the Company's ability to continue as a going concern.</p> <p>The Company incurred a net loss from operations of \$2,058,176 for the half-year ended 31 December 2023 and had a net cash outflow from operations of \$1,175,002 for the period. As at 31 December 2023, the Company had a working capital deficiency of \$3,472,777 which included \$118,490 of unearned revenues.</p> <p>Notwithstanding the 'going concern' qualification included in the Financial Report, the Directors believe that upon the successful completion of the Offer, Placement and Debt Conversion, the Company will have sufficient funds to adequately meet the Company's current commitments and short-term working capital requirements. To this end, the Company has undertaken a review of internal operations resulting in material cost reductions, reducing cash overheads by over \$1 million a year, which together with the conversion of debt and resulting reduced interest payments, will place the Company in a more sustainable cashflow position.</p> <p>In the event that the Offer and the Placement are not completed successfully, which would also result in the Debt Conversion not proceeding, there is significant uncertainty as to whether the Company can continue as a going concern which is likely to have a material adverse effect on the Company's activities.</p>

Risk Category	Risk
<p>Suspension from quotation</p>	<p>On 28 May 2024, the Company's Shares were suspended from quotation by ASX in accordance with Listing Rule 17.3. The Company's securities will remain suspended until such time that ASX is satisfied with the Company's compliance with the ASX Listing Rules, including ASX Listing Rule 12.2 and that it is otherwise appropriate for the Company's securities to be reinstated to quotation, including that any reinstatement conditions imposed by ASX are satisfied. The Company anticipates that its securities will be reinstated to quotation following completion of the Offer, Placement and Debt Conversion.</p> <p>In the event the Offer, Placement and Debt Conversion do not complete, the Company's securities will remain suspended until such time as the Company has remedied ASX's concerns. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of three months after the date of issue of the Prospectus (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all Application monies for the Shares within the time prescribed under the Corporations Act, without interest.</p>
<p>Potential for dilution</p>	<p>In addition to potential control impacts set out in Section 1.8, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 60% (as compared to their holdings and number of Shares on issue as at the date of this Prospectus).</p> <p>Further, in the event that the Company completes the Debt Conversion and Placement Tranche 2, an additional 994,111,279 Shares will be issued and Shareholders that do not participate in the Offer will be diluted by approximately 81% (on Minimum Subscription) and 84% (on Maximum Subscription). The Debt Conversion and Placement Tranche 2 will also cause dilution to Shareholders that elect to take up their Entitlements under the Offer. In the event the Debt Conversion and Placement Tranche 2 are completed, Shareholders that take up their full Entitlement under the Offer will be diluted by approximately 70% (on Minimum Subscription) and 60% (on Maximum Subscription) following completion of the Offer.</p> <p>No immediate dilution will occur as a result of the issue of New Options under this Prospectus. However subsequent exercise of any or all of the New Options will result in dilution. Assuming all New Options offered pursuant to this Prospectus are issued and exercised into Shares, Shareholders who do not participate in the Offer, are likely to be diluted.</p> <p>It is not possible to predict what the value of the Company, a Share or an Option will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.</p> <p>The last trading price of Shares on ASX prior to the Prospectus being lodged of \$0.007 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer, Placement and Debt Conversion.</p>
<p>Additional requirements for capital</p>	<p>The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offer and the Placement. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.</p>
<p>Market presence and economies of scale</p>	<p>Traditional home security providers maintain broad market presence and economies of scale not accessible for smaller players such as the Company. Further, existing companies that engage in the home security business, or are within the IOT space, could introduce new or enhance existing products. If a larger, better funded company markets or creates a comparable product at a lower price point, the Company may have to reduce prices to remain competitive or could be priced out of the market. This could potentially negatively impact the Company's growth.</p>
<p>Market segments</p>	<p>The Company is targeting a new segment within the home security market, which introduces unknowns, such as potential downward impacts to expected attach rates, retention rates, and customer adoption. The Company may also not have accurately forecasted demand for its product in this market segment, given the unknowns of new market segments.</p>

Risk Category	Risk
Manufacturing risks in China	The Company manufactures its product internationally in China. There is the potential that the Company could experience manufacturing difficulties due to international circumstances that are out of their control. If the Company uses a single or limited number of suppliers, they may be at risk of shortage, price increases, changes, delay, or discontinuation of key components, which could disrupt and adversely affect their business. The Company maintains a small inventory and may have difficulty meeting demand if they have any manufacturing or supply chain issues.
Seasonality risk	The Company's operations and revenue experience some seasonality. The winter holiday season is its busiest period, specifically November. Quarterly results may vary, and are not necessarily an indication of future performance. The seasonality of the Company's revenue and operations could exacerbate fluctuations due to other factors, including costs of expansion, upgrades to systems and infrastructure, or changes in business or macroeconomic conditions.
Competition risk	White label, low price, home security hardware is available to potential competitors. The Company will need to continue to differentiate itself on the hardware front over time. It may prove difficult for the Company to establish itself as a well-known brand in the competitive IOT space, and the product may be in a market where customers will not have brand loyalty. If competitors develop equal or better products, the Company may be forced to compete on a pricing basis, which could negatively affect its revenue.
International operations	The Company does not currently have distributor relationships in countries outside of the USA (and Canada in relation to its monitoring services), but expects to do business internationally at a later date. The Company's operations will therefore be subject to a number of risks inherent in global operations, including political and economic instability in foreign markets, inconsistent product regulation by foreign agencies or governments, imposition of product tariffs and burdens, cost of complying with a wide variety of international and U.S. export laws and regulatory requirements (including the U.S. Foreign Corrupt Practices Act, the U.S. Export Administration Act and the U.S. Arms Export Control Act (and the regulations promulgated thereunder)), risks stemming from the Company's lack of local business experience in specific foreign countries, foreign currency fluctuations, difficulty in enforcing intellectual property rights, foreign taxes, and language and other cultural barriers. Additionally, operating an international business with a sales force managed from Australia and with distributorships and sales in a number of legal jurisdictions will necessarily require substantial input from a variety of legal counsel and expose the Company to legal costs that may be disproportionately high relative to its revenues, and will be incurred regardless of whether the Company derives revenues from a given jurisdiction or at all.
Strategies	<p>There are no limits on strategies that the Company may pursue. The strategy discussed in this Prospectus may evolve over time due to, among other things, market developments and trends, technical challenges, the emergence of new or enhanced technology, changing regulation and/or industry practice, and otherwise in the Company's sole discretion. As a result, the strategy, approaches, markets and products described in this Prospectus may not reflect the strategies, approaches, markets and products relevant to, or pursued by, the Company at a later date.</p> <p>Further, a change in strategy may involve material and as yet unanticipated risks, as well as a high degree of risk, including a higher degree of risk than the Company's strategy in place as of the date hereof.</p>
Supply	The Company may experience delivery delays if its contract manufacturer fails to deliver products. The Company's products are manufactured by one contract manufacturer. Any operational issues that the manufacturer incurs may affect the delivery of the products. The Company depends on the manufacturer to adjust operations accordingly with demand of the products to ensure no back log in production. There is also a risk with working with only one manufacturer, in that termination of the agreement to produce will temporarily halt all deliveries until resolved or a new agreement is made with another manufacture.
Dependence on re-seller contracts	The Company depends on a number of contracts with resellers. These contracts include termination rights whereby either party may terminate with 30-60 days' notice to the other party. In the event of insolvency of either party, the reseller agreements are able to be terminated immediately. The consequences of breach or termination of any of these contracts could,

Risk Category	Risk
	although unlikely, have a material adverse effect on the Company's business, financial condition and results of operations. In addition, the Company's payment obligations in relation to the Company's products sold under the reseller contracts will not cease with the termination of these reseller contracts and the Company will be required to continue to comply with those obligations. The Company has entered into and may enter into other agreements with various parties in relation to the Company's business. In such cases, there is the risk that parties may default on their obligations, which may in turn necessitate the termination of the contract or legal action. Although unlikely, this may result in financial loss for the Company. In most, if not all, cases, the contracts that the Company has entered into may be governed in jurisdictions outside Australia. It may be more difficult to resolve disputes in such jurisdictions than it would be under Australian law. As such, the Company cannot ensure that an appropriate legal resolution will be achieved.
Loss of Customers	The Company has established important customer relationships through development of the technologies. The loss of one or more customers through termination or expiry of contracts may, although unlikely, adversely affect the operating results of the Company.
Foreign exchange	The Company operates in a variety of jurisdictions, including the United States of America and Australia, and as such, generates revenue and incur costs and expenses in more than one currency. Consequently, movements in currency exchange rates may adversely or beneficially affect the Company's results or operations and cash flows. For example, the appreciation or depreciation of the US dollar relative to the Australian dollar would result in a foreign currency loss or gain. Any depreciation of currencies in foreign jurisdictions in which the Company operates may result in lower than anticipated revenue, profit and earnings of the Company.

5.3 Industry specific

Risk Category	Risk
Product liability	As with all new products, even after the granting of regulatory approval, there is no assurance that unforeseen adverse events or manufacturing defects will not arise in the Company's products. Adverse events could expose the Company to product liability claims or litigation, resulting in the removal of regulatory approval for the relevant products and/or monetary damages being awarded against the Company. In such event, the Company's liability may exceed the Company's insurance coverage, if any.
Protection of Intellectual Property Rights	The commercial value of the Company's intellectual property assets is dependent on any relevant legal protections. These legal mechanisms, however, do not guarantee that the intellectual property will be protected or that the Company's competitive position will be maintained. No assurance can be given that employees or third parties will not breach confidentiality agreements, infringe or misappropriate the Company's intellectual property or commercially sensitive information, or that competitors will not be able to produce non-infringing competitive products. Competition in retaining and sustaining protection of technologies and the complex nature of technologies can lead to expensive and lengthy disputes for which there can be no guaranteed outcome. There can be no assurance that any intellectual property which the Company (or entities it deals with) may have an interest in now or in the future will afford the Company commercially significant protection of technologies, or that any of the projects that may arise from technologies will have commercial applications. It is possible that third parties may assert intellectual property infringement, unfair competition or like claims against Scout or the Company under copyright, trade secret, patent, or other laws. While the Company is not aware of any claims of this nature in relation to any of the intellectual property rights in which it has or will acquire an interest, such claims, if made, may harm, directly or indirectly, the Company's business. If the Company is forced to defend claims of intellectual property infringement, whether they are with or without merit or are determined in the Company's favour, the costs of such litigation may be potentially significant and may divert management's attention from normal commercial operations.
Data loss, theft or corruption	The Company stores data in its own systems and networks and also with a variety of third-party service providers. Exploitation or hacking of any of these systems or networks could lead to corruption, theft or loss of the data which

Risk Category	Risk
	could have a material adverse effect on the Company's business, financial condition and results. Further, if the Company's systems, networks or technology are subject to any type of 'cyber' crime, its technology may be perceived as unsecure which may lead to a decrease in the number of customers. Some competitors of Scout have received negative publicity associated with the ability to hack their devices. Scout has not been hacked and does not have the same security flaws of said competitors, but it is possible that the Company may experience the same negative publicity if their devices are able to be hacked at some point in the future.

5.4 General risks

Risk Category	Risk
Economic	General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.
Market conditions	<p>Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:</p> <ul style="list-style-type: none"> (a) general economic outlook; (a) introduction of tax reform or other new legislation; (b) interest rates and inflation rates; (c) changes in investor sentiment toward particular market sectors; (d) the demand for, and supply of, capital; and (e) terrorism or other hostilities. <p>The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.</p>
Litigation risks	The Company is exposed to possible litigation risks including intellectual property claims, contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.
Dividends	Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.
Taxation	<p>The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All prospective investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.</p> <p>To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.</p>
Reliance on key personnel	The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.
Economic conditions and other global or national issues	General economic conditions, laws relating to taxation, new legislation, trade barriers, movements in interest and inflation rates, currency exchange controls and rates, national and international political circumstances (including outbreaks in international hostilities, wars, terrorist acts, sabotage, subversive activities, security operations, labour unrest, civil disorder, and states of emergency), natural disasters (including fires, earthquakes and

Risk Category	Risk
	<p>floods), and quarantine restrictions, epidemics and pandemics, may have an adverse effect on the Company's operations and financial performance.</p> <p>General economic conditions may also affect the value of the Company and its market valuation regardless of its actual performance.</p>

5.5 Speculative investment

The risk factors described above, and other risk factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Securities.

Prospective investors should consider that an investment in the Company is highly speculative.

There is no guarantee that the Securities offered under this Prospectus will provide a return on capital, payment of dividends or increases in the market value of those Securities.

Before deciding whether to subscribe for Securities under this Prospectus you should read this Prospectus in its entirety and consider all factors, taking into account your objectives, financial situation and needs.

6. ADDITIONAL INFORMATION

6.1 Litigation

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

6.2 Continuous disclosure obligations

As set out in the Important Notes Section of this Prospectus, the Company is a disclosing entity for the purposes of section 713 of the Corporations Act. Accordingly, information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

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

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the 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 most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
18 June 2024	Application for quotation of securities - SCT
17 June 2024	Notification regarding unquoted securities – SCT
13 June 2024	Application for quotation of securities - SCT
12 June 2024	Update - Proposed issue of securities - SCT

Date	Description of Announcement
11 June 2024	Proposed issue of securities - SCT
11 June 2024	Proposed issue of securities - SCT
11 June 2024	Proposed issue of securities - SCT
11 June 2024	Proposed issue of securities – SCT
11 June 2024	Proposed issue of securities – SCT
11 June 2024	Recapitalisation - Placement, Rights Issue, Note Conversion
27 May 2024	Continuation of Suspension from Quotation
27 May 2024	Change of Director's Interest Notice - Roberts
27 May 2024	Change of Director's Interest Notice - Pretty
27 May 2024	Change of Director's Interest Notice - Brown
27 May 2024	Change of Director's Interest Notice - McCall
27 May 2024	Notification regarding unquoted securities - SCT
24 May 2024	Voluntary Suspension Extension Request
23 May 2024	Extraordinary General Meeting Results
22 May 2024	First Purchase Order under IMG White Label Partnership
22 May 2024	Voluntary Suspension Extension Request
20 May 2024	Voluntary Suspension Extension Request
16 May 2024	Voluntary Suspension Extension Request
14 May 2024	Voluntary Suspension Extension Request
10 May 2024	Voluntary Suspension Extension Request
8 May 2024	Voluntary Suspension Extension Request
6 May 2024	Voluntary Suspension Extension Request
2 May 2024	Voluntary Suspension Extension Request
30 April 2024	Appendix 4C and Quarterly Activities Report
30 April 2024	Voluntary Suspension Extension Request
23 April 2024	Voluntary Suspension Extension Request
19 April 2024	Extraordinary General Meeting - Notice of Meeting
19 April 2024	Suspension from Official Quotation
17 April 2024	Trading Halt
17 April 2024	Pause in Trading
2 April 2024	Notification of cessation of securities – SCT
12 March 2024	Waiver of ASX Listing Rule 10.1 Granted
4 March 2024	Change of Share Registry
29 February 2024	Appendix 4D and 1H24 Financial Report
22 February 2024	USD200k raised under Loan Note Facility Clarification
21 February 2024	US\$200k raised under Loan Note Facility
21 February 2024	Notification regarding unquoted securities - SCT
1 February 2024	Directors Interests Notices Corrections
1 February 2024	Notification of cessation of securities - SCT

Date	Description of Announcement
31 January 2024	Appendix 4C and Quarterly Activities Report
29 December 2023	Convertible Note Extension
23 November 2023	Update on Investor Presentation
21 November 2023	Response to ASX Appendix 4C Query
20 November 2023	Cleansing Notice
20 November 2023	Change of Director's Interest Notice – McCall
20 November 2023	Change of Director's Interest Notice – Pretty
20 November 2023	Change of Director's Interest Notice – Roberts
20 November 2023	Notification regarding unquoted securities – SCT
20 November 2023	Application for quotation of securities - SCT
20 November 2023	Notification regarding unquoted securities – SCT
17 November 2023	White Label Deal with Origin Wireless
16 November 2023	Annual General Meeting Results
16 November 2023	Annual General Meeting Chair and CEO Addresses
16 November 2023	Investor Presentation – Company Roadmap
8 November 2023	Cleansing Notice
8 November 2023	Application for quotation of securities - SCT
31 October 2023	Appendix 4C and Quarterly Activities Report
13 October 2023	Annual General Meeting Notice of Meeting
19 September 2023	Cleansing Notice
15 September 2023	Application for quotation of securities – SCT
15 September 2023	Change of Director's Interest Notice - Roberts
14 September 2023	Annual General Meeting Date and Director Nominations
30 August 2023	Appendix 4G and Corporate Governance Statement
30 August 2023	Appendix 4E and Annual Report FY2023

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website scoutalarm.com.

6.3 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

	(\$)	Date
Highest	\$0.01	26 March 2024

Lowest	\$0.007	21 March 2024, 3 April 2024, 16 April 2024
Last	\$0.007	16 April 2024

6.4 Material Contracts

6.4.1 Underwriting Agreement

The Company has entered into an underwriting agreement (**Underwriting Agreement**) with Pac Partners Securities Pty Ltd (**Underwriter** or **PAC Partners**), pursuant to which PAC Partners has agreed to underwrite the Offer up to a value of \$458,580 (the **Underwritten Amount**) equal to 114,645,043 Shares and 114,645,043 New Options (**Underwritten Securities**).

The Underwriter may appoint sub-underwriters to sub-underwrite the Offer (including Martin Pretty who has been appointed as set out in section 6.4.2 below). The appointment of any sub-underwriter and the allocation of any Underwritten Securities is at the sole discretion of the Underwriter. It is a condition of the Underwriting Agreement that no sub-underwriter (together with their associates) acquires a relevant interest in more than 19.9% of the issued share capital of the Company on completion of the Offer.

The material terms and conditions of the Underwriting Agreement are summarised below:

Fees	<p>The Company must pay the following fees to PAC Partners:</p> <ul style="list-style-type: none"> (a) on the date of issue of the Underwritten Securities, pay to PAC Partners an underwriting fee of 6% of the Underwritten Amount; (b) on completion of the Offer (being the date that the last of the shortfall securities are issued under the Offer), pay to PAC Partners a management fee of 2% of the funds raised under the Offer in excess of the Underwritten Amount, <p>as consideration for the underwriting obligation undertaken by PAC Partners pursuant to the Underwriting Agreement.</p>
Conditions Precedent	<p>The obligations of PAC Partners under the Underwriting Agreement are subject to and conditional upon:</p> <ul style="list-style-type: none"> (a) Shareholder Approval: on or before 5:00pm on 31 August 2024 (Approval Date), the Company receiving Shareholder approval to undertake the Offer in accordance with the terms of the ASX Waiver; (b) Due Diligence: PAC Partners being satisfied acting reasonably (in its sole and absolute discretion) with the due diligence program and the due diligence results; (c) Sub-Underwriters: PAC Partners procuring such persons to sub-underwrite the Offer as PAC Partners in its absolute discretion thinks fit; (d) Underwriter's consent to be named: PAC Partners being satisfied (in its sole and absolute discretion) with the form of the Prospectus and having given its consent to be named in the Prospectus; (e) Legal sign-off: a legal sign-off letter being provided to the due diligence committee by the solicitors for the Company; and (f) Prospectus: the Prospectus being lodged with ASIC, <p>(together, the Conditions Precedent).</p>

If any of the Conditions Precedent are not satisfied by 5:00pm on the lodgement date set out in the Underwriting Agreement (or the Approval Date, in respect of the condition set out in paragraph (a) above), PAC Partners may terminate the Underwriting Agreement by notice in writing to the Company.

Immediate Termination Events

PAC Partners may terminate the Underwriting Agreement by notice in writing to the Company given on or at any time before the issue of all the Underwritten Securities, without cost or liability to PAC Partners in the following circumstances:

- (a) **indices fall:** the S&P ASX 200 Index is at any time after the date of the Underwriting Agreement 10% or more or more below its respective level as at the close of business on the Business Day prior to that date; or
- (b) **Prospectus:** the Company does not lodge the Prospectus on the lodgement date or the Prospectus or the Offer is withdrawn by the Company; or
- (c) **supplementary prospectus:**
 - (i) PAC Partners forms the view on reasonable grounds that a supplementary prospectus should be lodged with ASIC for any of the reasons referred to in Section 719 of the Corporations Act and the Company fails to lodge a supplementary prospectus in such form and content and within such time as PAC Partners may reasonably require; or
 - (ii) the Company lodges a supplementary prospectus without the prior written agreement of PAC Partners; or
- (d) **non-compliance with disclosure requirements:** it transpires that the Prospectus does not contain all the information that investors and their professional advisers would reasonably require to make 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 Underwritten Securities; or
- (e) **misleading Prospectus:** it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of Sections 711, 713 and 716 of the Corporations Act) or if any statement in the Prospectus becomes misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive; or
- (f) **proceedings:** ASIC or any other person proposes to conduct any enquiry, investigation or proceedings, or to take any regulatory action or to seek any remedy, in connection with the Offer or the Prospectus, or publicly foreshadows that it may do so;
- (g) **unable to issue securities:** the Company is prevented from issuing the Underwritten Securities within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority; or
- (h) **future matters:** any statement or estimate in the Prospectus which relates to a future matter is or becomes incapable of

being met or, in the reasonable opinion of PAC Partners, unlikely to be met in the projected timeframe;

- (i) **withdrawal of consent to Prospectus:** any person (other than PAC Partners) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent; or
- (j) **appendix 3B:** the Company fails to lodge an appendix 3B in relation to the Underwritten Securities with ASX within 7 days of the Lodgement Date; or
- (k) **ASIC application:** an application is made by ASIC for an order under Section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the shortfall notice deadline date has arrived, and that application has not been dismissed or withdrawn; or
- (l) **ASIC hearing:** ASIC gives notice of its intention to hold a hearing under Section 739 of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or ASIC makes an interim or final stop order in relation to the Prospectus under section 739 of the Corporations Act; or
- (m) **Takeovers Panel:** the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, which in PAC Partners' reasonable opinion has a material adverse effect; or
- (n) **authorisation:** any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to PAC Partners acting reasonably; or
- (o) **indictable offence:** a director or senior manager of the Company or any of its subsidiaries (**Relevant Company**) is charged with an indictable offence.

Conditional Termination Events

Termination Events requiring a material adverse effect (as that term is defined in the Underwriting Agreement) before termination are:

- (a) **hostilities:** there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this Agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China or any member of the European Union other than hostilities involving Libya, Afghanistan, Iraq, Iran, Syria, Lebanon or Israel and PAC Partners believes (on reasonable grounds) that the outbreak or escalation is likely to result in the S&P ASX 200 Index falling by the percentage contemplated above;
- (b) **default:** default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
- (c) **incorrect or untrue representation:** any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect in a material respect;
- (d) **contravention of constitution or Act:** a material contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
- (e) **adverse change:** an event occurs which gives rise to a material adverse effect or any adverse change or any development including a likely material adverse effect after

the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in PAC Partners' reasonable opinion, unlikely to be met in the projected time;

- (f) **error in due diligence results:** it transpires that any of the due diligence results or any part of the verification material was, misleading or deceptive, materially false or that there was a material omission from them;
- (g) **significant change:** a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (h) **public statements:** without the prior approval of PAC Partners a public statement is made by the Company in relation to the Offer or the Prospectus other than a statement the Company is required to make in order to comply with its disclosure obligations under the Listing Rules and/or the Corporations Act;
- (i) **misleading information:** any information supplied at any time by the Company or any person on its behalf to PAC Partners in respect of any aspect of the Offer or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive;
- (j) **change in act or policy:** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy that has not been publicly disclosed or proposed as at the date of this Agreement;
- (k) **prescribed occurrence:** a prescribed occurrence occurs, other than as disclosed in the Prospectus;
- (l) **suspension of debt payments:** the Company suspends payment of its debts generally;
- (m) **event of insolvency:** an event of insolvency occurs in respect of a Relevant Company;
- (n) **judgment against a Relevant Company:** a judgment in an amount exceeding \$74,000 is obtained against a Relevant Company and is not set aside or satisfied within 7 days;
- (o) **litigation:** litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced against any Relevant Company except as disclosed in the Prospectus;
- (p) **Board and senior management composition:** there is a change in the composition of the Board or a change in the senior management of the Company before the date of issue of the Underwritten Securities without the prior written consent of PAC Partners (such consent not to be unreasonably withheld);
- (q) **change in shareholdings:** there is a material change in the major or controlling shareholdings of a Relevant Company (other than as a result of the Offer or a matter disclosed in the Prospectus) or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company;
- (r) **timetable:** there is a delay in any specified date in the Timetable which is greater than 2 Business Days;

	<p>(s) force majeure: a force majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs;</p> <p>(t) certain resolutions passed: a Relevant Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of PAC Partners;</p> <p>(u) capital structure: any Relevant Company alters its capital structure in any manner not contemplated by the Prospectus excluding the issue of any Shares upon exercise of Options, such Options having been disclosed to the ASX as at the date of this Agreement;</p> <p>(v) breach of material contracts: any of the contracts set out in the Prospectus or announced to market prior to the date of the Underwriting Agreement is terminated or substantially modified; or</p> <p>(w) market conditions: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.</p>
<p>Conditions, Warranties and Undertaking</p>	<p>The Company has provided customary warranties and representations to PAC Partners, including about the Offer and its compliance with applicable laws. PAC Partners has also provided customary representations and warranties to the Company, primarily with respect to its compliance with applicable laws.</p>
<p>Indemnity and Guarantee</p>	<p>As is customary with underwriting arrangements, the Company has agreed to indemnify PAC Partners, its officers, employees, and agents and advisers against all prosecutions, losses, penalties, actions, suits, claims, costs, demands and proceedings arising out of or in respect of:</p> <p>(a) non-compliance by the Company with the Corporations Act or Listing Rules in relation to the Prospectus or any supplementary prospectus;</p> <p>(b) any advertising of the Offer or any documents in respect of the Offer which accompany the Prospectus or any supplementary prospectus;</p> <p>(c) any statement, misstatement, misrepresentation, non-disclosure, inaccuracy in or omission from the Prospectus or any supplementary prospectus, any advertising of the Offer or any documents in respect of the Offer which accompany the Prospectus or any supplementary prospectus; or</p> <p>(d) any breach or failure by the Company to observe any of the terms of the Underwriting Agreement.</p> <p>In addition to the above, the Company will pay and will indemnify and keep indemnified PAC Partners against and in relation to, all reasonable costs and expenses of and incidental to the Offer, including but not limited to:</p> <p>(a) the disbursements of PAC Partners (including legal fees);</p> <p>(b) accommodation and travelling expenses of PAC Partners relating to the Offer; and</p> <p>(c) all marketing and promotional expenditure related to the Offer,</p> <p>provided that the aggregate of all costs and expenses referred to above does not exceed \$5,000 (without the prior written consent of the Company).</p>

Other Terms

The Company must not make any announcement as to the success or otherwise of the Offer nor otherwise advertise or publicise the Offer before the closing date except with the prior written consent of PAC Partners (such consent not to be unreasonably withheld) except to the extent required by the Listing Rules, the Corporations Act, by statute or by regulatory authorities in any relevant governing jurisdiction.

The Underwriting Agreement otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and confidentiality provisions).

6.4.2 Related Party Sub-Underwriting Agreements

The Underwriter has entered into a sub-underwriting agreement with Martin Pretty, a Director of the Company, pursuant to which Mr Pretty has agreed to sub-underwrite the Offer (**Sub-Underwriting Agreements**) on the following material terms:

- (a) the Sub-underwriter has agreed to sub-underwrite \$82,000.17 (20,500,043 Shares and New Options) (**Sub-Underwriting Commitment**);
- (b) the Sub-underwriter will not receive a fee in consideration for the sub-underwriting; and
- (c) the Sub-Underwriting Agreements shall terminate if the Underwriter's obligations under the Underwriting Agreement cease or are terminated.

The Sub-Underwriting Agreement is otherwise made on terms and conditions considered standard for an agreement of this nature.

6.4.3 Lead Manager Mandate

The Company has signed a mandate letter dated on or about 15 May 2024 to engage PAC Partners to act as lead manager and bookrunner to the Offer (**Lead Manager Mandate**), the material terms and conditions of which are summarised below:

Fees	<p>Under the terms of the Lead Manager Mandate, the Company has agreed to pay (in addition to the fees payable under the Underwriting Agreement):</p> <ol style="list-style-type: none">(a) a management fee of 2% of total funds raised under the Placement (plus GST); and(b) a capital raising fee of 4% of all funds raised by PAC Partners under the Placement. <p>Subject to \$1,000,000 being raised under the Offer, the Company has agreed to enter into a separate corporate advisory mandate with the Lead Manager on commercial terms.</p>
Termination Events	<p>If, at any time an event takes place, and the Lead Manager reasonably believes that such event:</p> <ol style="list-style-type: none">(a) is reasonably likely to have a material adverse effect on the outcome of the Offer or the aftermarket for the Shares;(b) is reasonably likely to have a material adverse effect on the condition, trading or financial position, performance, profits and losses, results, business or operations of the Company; or(c) has given rise to, or could give rise to, a contravention by the Lead Manager, or the Lead Manager being involved in a

	<p>contravention of, the Corporations Act or any other applicable law or regulation, or a liability of the Lead Manager under any applicable law or regulation,</p> <p>then Lead Manager may at any time by written notice to the Company immediately and without any cost or liability to the Lead Manager, terminate its engagement.</p> <p>Any termination by either the Lead Manager or the Company pursuant to the above will take effect upon receipt by the other party of written notice to that effect.</p> <p>If either party terminates the engagement in accordance with the above, the Lead Manager will be entitled to:</p> <p>(a) any outstanding payments in respect of any fees that have separately been agreed to between the Lead Manager and the Company; and</p> <p>(b) the reimbursement of any incurred or accrued expenses up to the date of termination.</p>
<p>Approval for further capital raisings</p>	<p>For a period of 90 days from the date of completion of the Offer, the Company will not make any further issues of equity without first obtaining the written consent of the Lead Manager, which shall not be unreasonably withheld.</p> <p>For the avoidance of doubt this clause does not include the issue of equity announced to ASX prior to entry into the Lead Manager Mandate, issues made under an employee or director incentive plan or by way of the exercise of options and other convertible securities on issue.</p>
<p>Right of First Refusal</p>	<p>The Company agreed that if the Lead Manager Mandate is suspended or terminated by the Company for any reason (other than due to the gross negligence, wilful misconduct, recklessness or fraud of the Lead Manager), the Company will provide the Lead Manager with an opportunity to tender for a role similar to that contemplated by the Lead Manager Mandate, being an equity capital raise from Australian based investors, if the Offer or any offer of securities on substantially similar terms to the Offer or for a similar purpose to that for the Offer is reactivated by the Company within 6 months of the date of the Lead Manager Mandate.</p>

The Lead Manager Mandate otherwise contains provisions considered standard for an agreement of its nature (including representations, warranties and confidentiality provisions).

6.5 Interests of Directors

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

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed director:

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

Security holdings

The relevant interest of each of the Directors in the Securities as at the date of this Prospectus, together with their respective Entitlement, is set in Section 1.5.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$750,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive Directors as disclosed in the Company's 2023 Annual Report.

Director	FY ending 2024	FY ending 2023¹
Daniel Roberts	\$309,444 ²	\$328,350 ³
David Shapiro	\$59,597 ²	\$76,422 ⁴
Anthony Brown	\$50,000	\$68,489 ⁵
Martin Pretty	\$50,000	\$68,509 ⁶
Ryan McCall	\$342,826 ²	\$400,369 ⁷

Notes:

1. Refer to the Company's Annual Report for the year ended 30 June 2023 released on 29 August 2023.
2. Assuming an exchange rate of US\$0.6544:A\$1.00).
3. Comprising salary of \$309,841 (converted from US\$ to A\$ using an average rate for the relevant period) and \$18,509 in equity-settled share-based payments.
4. Comprising fees of \$57,913 (converted from US\$ to A\$ using an average rate for the

- relevant period) and \$18,509 in equity-settled share-based payments.
5. Comprising fees of \$49,980 and \$18,509 in equity-settled share-based payments.
 6. Comprising fees of \$50,000 and \$18,509 in equity-settled share-based payments.
 7. Comprised of salary of \$371,238 (converted from US\$ to A\$ using an average rate for the relevant period) and \$29,131 in equity-settled share-based payments.

6.6 Interests of experts and advisers

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

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

PAC Partners Australia Pty Ltd has acted as the lead manager and partial underwriter of the Offer and lead manager of the Placement. The Company estimates it will pay PAC Partners Australia Pty Ltd up to \$72,371 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, PAC Partners has not received any fees from the Company for any other services.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$30,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has received \$69,822.29 (excluding GST) in fees from the Company.

6.7 Consents

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

Each of the parties referred to in this Section:

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

PAC Partners Australia Pty Ltd has given its written consent to being named as the lead manager and underwriter to the Offer in this Prospectus and has not withdrawn its consent prior to lodgement of the Prospectus.

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

6.8 Expenses of the offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$108,546 on Minimum Subscription and \$129,231 (excluding GST) and are expected to be applied towards the items set out in the table below:

	Minimum Subscription	Maximum Subscription
	\$	\$
ASIC fees	3,206	3,206
ASX fees ¹	14,980	16,654
Underwriting and Lead Manager fee ²	53,360	72,371
Legal fees	30,000	30,000
Printing and distribution	5,000	5,000
Miscellaneous	2,000	2,000
Total	108,546	129,231

Notes:

1. Assumes quotation of all Shares issued under the Offer, Placement Shares, Debt Conversion Shares and Fee Shares.
2. Underwriting and Lead Manager fee includes fees in respect of both the Placement and the Offer.

7. 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 the ASIC.

8. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

AEST means Eastern Standard Time as observed in Sydney, Western Australia.

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

Approved US Investor means a person in the United States that is a holder of equity or debt securities of the Company and is an “accredited investor” (as defined in Rule 501(a) under the US Securities Act).

ASIC means the Australian Securities and Investments Commission.

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

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHES.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Class A Fee Options and **Class B Fee Options** each have meaning given in Section 1.3.

Cleansing Offer has the meaning given in Section 2.2.

Secondary Offer Closing Date means the date specified in the timetable set out at Section 1 (unless extended).

Closing Date means the date specified in the timetable set out at Section 1 (unless extended).

Company means Scout Security Ltd (ACN 615 321 189).

Convertible Notes, Convertible Note Shares and **Convertible Note Options** each have the meaning given in Section 1.3.

Constitution means the constitution of the Company as at the date of this Prospectus.

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

CRN means Customer Reference Number in relation to BPAY®.

Debt Conversion has the meaning given in Section 1.3.

Debt Conversion Offers has the meaning given in Section 2.2.

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

Eligible Shareholder means a Shareholder as at the Record Date who is eligible to participate in the Offer.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Fee Options, Fee Shares and Fee Securities each have the meaning given in Section 1.3.

General Meeting has the meaning given in Section 1.3.

Ineligible Shareholder means a Shareholder as at the Record Date whose registered address is not situated in Australia, New Zealand or the United States of America (subject to meeting the qualifications in Section 2.12).

Lead Manager, Underwriter or PAC Partners means PAC Partners Securities Pty Ltd (ABN 68 623 653 912) (AFSL 335 374).

Loan Notes, Loan Note Conversion, Loan Note Shares and Loan Note Options each have the meaning given in Section 1.3.

New Option means an Option issued on the terms set out in Section 4.2.

Offer means the non-renounceable entitlement issue the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Performance Right means a performance right convertible into a Share upon the satisfaction of the relevant performance criteria.

Placement, Placement Tranche 1, Placement Tranche 2, Placement Shares and Placement Options each have the meaning given in Section 1.3.

Placement Offer has the meaning given in Section 2.2.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at Section 1.

Section means a section of this Prospectus.

Securities means Shares, Options and/or Performance Rights as the context requires.

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

Shareholder means a holder of a Share.

Shortfall means the Securities not applied for under the Offer (if any).

Shortfall Application Form means the Shortfall Offer application form either attached to or accompanying this Prospectus.

Shortfall Offer means the offer of the Shortfall Securities on the terms and conditions set out in Section 2.8.

Shortfall Securities means those Securities not applied for under the Offer (if any) and offered pursuant to the Shortfall Offer.

Underwriter means PAC Partners Securities Pty Ltd (CAR 1261290 of AFSL 335374).

Underwritten Amount means \$458,580.

US Securities Act means the US Securities Act of 1933, as amended.

Warrant means a warrant to acquire a Share in the Company in accordance with the terms of the Debt Facility announced to ASX on 28 April 2023 and in accordance with the terms and conditions approved by Shareholders at the Annual General Meeting held on 16 November 2023.