

UUV AQUABOTIX LIMITED
ACN 616 062 072

ENTITLEMENT ISSUE PROSPECTUS

For a renounceable entitlement issue of two (2) Shares for every one (1) Share held by those Shareholders registered at the Record Date at an issue price of \$0.001 per Share to raise up to \$1,583,823 (based on the number of Shares on issue as at the date of this Prospectus) together with one (1) free attaching New Option for every three (3) Shares subscribed for and issued (**Offer**).

The Offer is partially underwritten and lead managed by Canaccord Genuity (Australia) Limited (AFSL 234666) (**Underwriter**). Please refer to Section 8.4 for details regarding the terms of the Underwriting Agreement.

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 stockbroker, accountant or other professional adviser.

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

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1. CORPORATE DIRECTORY

Directors

Mr Peter James
Non-Executive Chairman

Mr Jay Cohen
Non-Executive Director

Mr Robert Clisdell
Non-Executive Director

Management

Whitney Million
Chief Executive Officer

Winton Willesee and Eryn Dale
Joint Company Secretaries

ASX Code

UUUV

Registered Office

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145 Stirling Highway
NEDLANDS WA 6009

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Email: investors@aquabotix.com
Website: www.aquabotix.com

Underwriter and Lead Manager

Canaccord Genuity (Australia) Limited
(AFSL 234666)
Level 23
Exchange Tower
2 The Esplanade
PERTH WA 6000

Share Registry*

Link Market Services Limited
Level 12
QV1 Building
250 St Georges Terrace
PERTH WA 6000

Telephone: +61 1300 554 474
Facsimile: +61 2 9287 0303

Solicitors

Steinepreis Paganin
Level 4
The Read Buildings
16 Milligan street
PERTH WA 6000

Auditor*

RSM Australia Partners
Level 13
60 Castlereagh Street
SYDNEY NSW 2000

*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

2. TIMETABLE

Announcement of the Offer and lodgement of Appendix 3B with ASX	24 June 2020
Lodgement of Prospectus with the ASIC and ASX	24 June 2020
Ex date	29 June 2020
Rights quoted on a deferred settlement basis from market open	29 June 2020
Record Date for determining Entitlements	5.00pm (WST) on 30 June 2020
Prospectus sent out to Eligible Shareholders and Opening Date of the Offer (deferred settlement trading in rights ends at close of trading)	3 July 2020
Rights trading ends at close of trading	15 July 2020
Shares quoted on a deferred settlement basis from market open	16 July 2020
Last day to extend the Closing Date of the Offer	17 July 2020
Closing Date*	5.00pm (WST) on 22 July 2020
Announcement of results of the Offer	24 July 2020
Issue date, Securities entered into Shareholders' security holdings and lodgement of Appendix 2A with ASX (deferred settlement trading ends at market close)	28 July 2020
Quotation of Securities issued under the Offer*	29 July 2020

*The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the Securities are expected to commence trading on ASX may vary.

3. IMPORTANT NOTES

This Prospectus is dated 24 June 2020 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 the 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 Shares the subject of this Prospectus should be considered highly speculative.

Applications for Securities offered pursuant to this Prospectus can only be submitted on 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. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

3.1 Investment Advice

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation, or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for Securities under this Prospectus.

3.2 Risk factors

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

3.3 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 7.

3.4 Website

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

4. DETAILS OF THE OFFER

4.1 The Offer

The Offer is being made as a renounceable entitlement issue of two (2) Shares for every one (1) Share held by Shareholders registered at the Record Date at an issue price of \$0.001 per Share, together with one (1) free attaching New Option for every three (3) Shares 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 existing Options are exercised prior to the Record Date) a maximum of 1,583,822,550 Shares and 527,940,850 New Options will be issued pursuant to this Offer to raise up to \$1,583,823. The Offer is partially underwritten by the Underwriter to a maximum amount of \$1,000,000 on the conditions set out in Section 8.4.

As at the date of this Prospectus the Company has 125,987,500 Options on issue all of which may be exercised prior to the Record Date in order to participate in the Offer. Please refer to Section 5.4 for information on the exercise price and expiry date of the Options on issue.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6.1 for further information regarding the rights and liabilities attaching to the Shares.

All of the New Options offered under this Prospectus will be issued on the terms and conditions set out in Section 6.2. The Company will apply for quotation of the New Options. All Shares issued on conversion of the New Options will rank equally with the Shares on issue at the date of this Prospectus.

The purpose of the Offer and the intended use of funds raised are set out in Section 5.1.

4.2 Option Offer to Underwriter

This Prospectus also includes the offer of:

- (a) 333,333,333 New Options to the Underwriter (or its nominees) in consideration for partially underwriting the Offer (**Underwriter Options**); and
- (b) in respect of the portion of the amount to be raised under the Offer which is not underwritten (approximately \$583,823), one (1) New Option to be issued to the Underwriter (or its nominees) for every three (3) Shares which are not subscribed for by Eligible Shareholders and which are placed to third parties by the Underwriter (being a maximum potential number of an additional 194,607,517 New Options) (**Placed Shortfall Options**).

The issue of Underwriter Options and Placed Shortfall Options are subject to Shareholder approval and such New Options will be issued on the terms and conditions set out in Section 6.2.

Only the Underwriter (or its nominees) may accept the offer of the Underwriter Options and Placed Shortfall Options. A personalised Application Form will be issued to the Underwriter (or its nominees) together with a copy of this Prospectus.

4.3 Minimum subscription

There is no minimum subscription to the Offer.

4.4 What Eligible Shareholders may do

The number of Shares to which Eligible Shareholders are entitled is shown on the accompanying personalised Entitlement and Acceptance Form. Eligible Shareholders may:

- (a) **take up all** of their Entitlement (refer to Section 4.5);
- (b) **take up all** of their Entitlement and **apply for Shares under the Shortfall Offer** (Section 4.6);
- (c) **sell all** of their Entitlement **on ASX** (refer to Section 4.7);
- (d) **take up a proportion** of their Entitlement and **sell the balance on ASX** (refer to Section 4.8);
- (e) **take up a proportion** of their Entitlement and **allow the balance to lapse** (refer to Section 4.9);
- (f) **sell all or a proportion** of their Entitlement **other than on ASX** (refer to section 4.10); or
- (g) **allow all or part** of their Entitlement to **lapse** (refer to Section 4.11).

One (1) New Option will be issued for every three (3) Shares subscribed for and issued under the Offer. Please read the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form carefully.

4.5 Taking up all of your Entitlement

Should you wish to accept all of your Entitlement, then an application for Shares must be made by completing and returning the Entitlement and Acceptance Form which accompanies this Prospectus or by completing a BPAY® payment, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided and attach a cheque for the Application Monies indicated on the Entitlement and Acceptance Form.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to the account name set out in the Entitlement and Acceptance Form and lodged and received at any time after the issue of this Prospectus and on or before the Closing Date at the Company's Share Registry (by delivery or by post) in accordance with the details set out in the Entitlement and Acceptance Form.

If you wish to pay via BPAY® you must follow the personalised instructions in your Entitlement and Acceptance Form. Make sure that you use the specific Biller Code and unique Customer Reference Number (CRN) on your personalised Entitlement and Acceptance Form. You do not need to return a completed Entitlement and Acceptance Form but are taken to have made the declarations in the Entitlement and Acceptance Form and the representations outlined below in section 4.12. 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).

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 4:00pm (WST) on the Closing Date.

The Company shall not be responsible for any postal or delivery delays or delay in the receipt of the BPAY® payment.

4.6 Taking up all of your Entitlement and applying for Shares under the Shortfall Offer

Should you wish to accept all of your Entitlement and apply for Shares under the Shortfall Offer, then an application for Shares must be made by completing the appropriate sections of the Entitlement and Acceptance Form which accompanies this Prospectus and returning the form accompanied by a cheque for the full amount payable or by completing a BPAY® payment, in accordance with the instructions referred to in Section 4.5 and on the Entitlement and Acceptance Form.

4.7 Selling all of your Entitlement on ASX

The Entitlements under the Offer are renounceable which means that all or part of an Eligible Shareholder's rights to subscribe for Shares under the Offer may be traded on ASX. If you wish to sell all of your Entitlement on ASX, provide instructions to your stockbroker regarding the Entitlement you wish to sell on ASX. Trading of Entitlements will commence on ASX on 29 June 2020 and will cease on 15 July 2020. There is no guarantee that an Eligible Shareholder will be able to sell all or any part of their Entitlement on ASX or that any particular price will be paid for the Entitlements sold on ASX.

4.8 Taking up a proportion of your Entitlement and selling the balance on ASX

If you wish to take up only part of your Entitlement, complete the accompanying personalised Entitlement and Acceptance Form for the number of Shares you wish to take up and follow the steps in Section 4.5 for such Shares. Subsequently, provide instructions to your stockbroker regarding the proportion of your Entitlement you wish to sell on ASX.

4.9 Taking up a proportion of your Entitlement and allowing the balance to lapse

If you wish to take up only part of your Entitlement and allow the balance to lapse, complete the accompanying personalised Entitlement and Acceptance Form for the number of Shares you wish to take up and follow the steps in Section 4.5 for such Shares. If you take no further action, the balance of your Entitlement will lapse and you will have forfeited any potential benefit to be gained from taking up or selling that part of your Entitlement.

4.10 Selling all or a proportion of your Entitlement other than on ASX

You may elect to transfer all or a proportion of your Entitlement to another person other than on ASX. If the purchaser of your Entitlement is an Ineligible Shareholder or a person that would be an Ineligible Shareholder if they were a registered holder of Shares, that purchaser will not be able to take up the Entitlement they have purchased.

If you are a shareholder on the issuer sponsored subregister and you wish to transfer all or a proportion of your Entitlement to another person other than on ASX, forward a completed standard renunciation and transfer form (obtainable from the Share Registry) and the applicable transferee's cheque for the Shares they wish to subscribe for payable to the account name set out in the Entitlement and Acceptance Form and crossed "Not Negotiable" to the Share Registry (by delivery or by post at any time after the issue of this Prospectus and on or before the Closing Date) in accordance with the details set out in the Entitlement and Acceptance Form.

If you wish to transfer all or a proportion of your Entitlement to or from another person on the CHESS subregister you must engage your CHESS controlling participant (usually your stockbroker). If the transferee wants to exercise some or all of the Entitlement, you should follow your stockbroker's instructions as to the most appropriate way to take up the Entitlement on their behalf. The Application Monies for Shares the transferee of the Entitlement wants to acquire must be received by Share Registry in accordance with section 4.5.

You may elect to transfer all or a proportion of your Entitlement to another person other than on ASX. If the purchaser of your Entitlement is an Ineligible Shareholder or a person that would be an Ineligible Shareholder if they were a registered holder of Shares, that purchaser will not be able to take up the Entitlement they have purchased.

4.11 Allow all or part of your Entitlement to lapse

Shareholders should be aware that their Entitlement may have value. Entitlements are renounceable, which enable Eligible Shareholders who do not wish to take up part or all of their Entitlement to seek to sell or trade all or some of their Entitlement on ASX. If you do not wish to accept or trade any part of your Entitlement, you are not obliged to do anything. If you do not take up your Entitlement or dispose of your Entitlement by the Closing Date, the Offer to you will lapse.

4.12 Implications of an acceptance

Returning a completed Entitlement and Acceptance Form or paying any Application Monies by BPAY® 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; and
- (b) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any Application Monies, the application may not be varied or withdrawn except as required by law.

4.13 Underwriting and Lead Manager

The Offer is partially underwritten by the Underwriter to a maximum amount of \$1,000,000 on the conditions set out in Section 8.4. The Underwriter has also been appointed as Lead Manager to the Offer. Please refer to Section 8.4 for details of the terms of the Underwriting Agreement.

4.14 Effect on control of the Company

As at the date of this Prospectus, the Underwriter does not hold any Shares or Options and, accordingly, does not have any voting power in the Company. At a maximum, the Underwriter will be required to subscribe for 1,000,000,000 Shares and 333,333,333 New Options under the Underwriting Agreement.

Shareholders should be aware that the extent to which Shares are issued pursuant to the Underwriting Agreement will result in the Underwriter increasing its voting power in the Company. The Underwriter is not a related party of the Company for the purpose of the Corporations Act.

The Underwriting Agreement allows the Underwriter to enter into sub-underwriting agreements to pass on some or all of its obligations to subscribe for the Shortfall under the Underwriting Agreement. The Underwriter has confirmed to the Company that it has entered into a number of sub-underwriting agreements up to the full underwritten amount of \$1,000,000.

Entities controlled by Robert Clisdell and Peter James, each Directors of the Company have entered into agreements with the Underwriter to sub-underwrite a portion of the Offer. Robert Clisdell has agreed to sub-underwrite the Offer up to \$30,000 (30,000,000 Shares) and Peter James has agreed to sub-underwrite the Offer up to \$65,000 (65,000,000 Shares). Azalea Investments Pty Ltd (**Azalea Investments**) (a substantial shareholder of the Company, refer to Section 5.5) or its nominee has entered into an agreement with the Underwriter to sub-underwrite the Offer up to \$50,000 (50,000,000 Shares). Pursuant to the terms of the sub-underwriting, the Underwriter shall pay Messrs Clisdell and James and Azalea Investments a sub-underwriting fee of 3% (excluding GST) of the amount of the Offer they have respectively sub-underwritten. Further, subject to Shareholder approval, each of Messrs Clisdell and James and Azalea Investments will be issued 1 Underwriter Option for every 3 Shares which they respectively sub-underwrite the subscription of. The Underwriter Options issued to such parties will have the effect of decreasing the number of Underwriter Options to be issued to the Underwriter.

The maximum potential increase in voting power to Messrs Clisdell and James and Azalea Investments as a result of the sub-underwriting arrangements is set out below.

Name	Sub-Underwritten Shares	Sub-Underwritten Value	Current Voting Power	Voting Power Post Offer ¹
Robert Clisdell ²	30,000,000	\$30,000	1.8%	3%
Peter James ³	65,000,000	\$65,000	4.6%	7.3%
Azalea Investments	50,000,000	\$50,000	10.09%	12.2%

Notes:

1. These figures assume that: (i) all Shares are issued pursuant to the Offer; (ii) each party in the table above takes up their full respective Entitlement under the Offer (noting that the

Company is not aware of such party's intentions with respect to their respective Entitlement); and (iii) that each party in the table above is obliged to subscribe for all of their respective sub-underwritten Shares pursuant to the sub-underwriting agreements.

2. The entity controlled by Mr Clisdell which has agreed to sub-underwrite the Offer is Rony Investments Pty Ltd as trustee for Clisdell Family Trust #1.
3. The entity controlled by Mr James which has agreed to sub-underwrite the Offer is Christie James Funds Management as trustee for Christie James Super Fund.

In the event that there is a Shortfall, the sub-underwriting arrangements will have the effect of decreasing the number of Shares to be subscribed for by the Underwriter to nil, given these sub-underwriting commitments in aggregate cover the full underwritten amount of \$1,000,000. For illustrative purposes, the Underwriter's present relevant interest and changes under several scenarios are set out in the table below:

Event	Shares held by Underwriter	Voting power of Underwriter (%)
Date of Prospectus	-	-
Completion of the Offer		
Fully subscribed by Eligible Shareholders	-	-
75% subscribed by Eligible Shareholders	-	-
50% subscribed by Eligible Shareholders	208,088,725	11.6%
25% subscribed by Eligible Shareholders	604,044,362	33.7%
0% subscribed by Eligible Shareholders	1,000,000,000	55.8%

1. The voting power calculated does not account for any Options to be issued to the Underwriter under this Prospectus, which may be subsequently exercised and converted to Shares.

The above example scenarios show the potential effect of the underwriting of the Offer by the Underwriter. However, it is unlikely that no Eligible Shareholders will subscribe for their Entitlement under the Offer and as set out above, as the Underwriter has confirmed it has entered into sub-underwriting agreements in respect of the full underwritten amount of \$1,000,000, the Underwriter's voting power is unlikely to change. In addition, the above example scenarios do not take into account any Shortfall that may be subsequently placed to Eligible Shareholders or third parties which would reduce the control impact.

The underwriting obligation and therefore potential voting power of the Underwriter will reduce by a corresponding amount to the extent of the Entitlements under the Offer taken up by Eligible Shareholders and Shortfall taken up by sub-underwriters or placed to Eligible Shareholders and third parties. Any relevant interest acquired by the Underwriter will also be diluted if any Optionholders exercise and convert their Options to Shares.

It is a term of the Underwriting Agreement that the Underwriter must ensure 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.

4.15 Dilution

In addition to the potential control impacts set out in Section 4.14, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 66.67% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders (assuming no Options have been exercised) is set out in the table below:

Holder	Holding as at Record date	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer
Shareholder 1	100,000,000	12.63%	200,000,000	100,000,000	4.21%
Shareholder 2	50,000,000	6.31%	100,000,000	50,000,000	2.10%
Shareholder 3	20,000,000	2.53%	40,000,000	20,000,000	0.84%
Shareholder 4	1,000,000	0.13%	2,000,000	1,000,000	0.04%
Shareholder 5	500,000	0.06%	1,000,000	500,000	0.02%
Total	791,911,275		1,583,822,550		2,375,733,825

Notes:

1. Assumes full subscription.
2. Based on an issued share capital of 791,911,275 Shares as at the date of this Prospectus.
3. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall Offer and/or sub-underwriting arrangements.

4.16 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer. 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 will be \$0.001, being the price at which Shares have been offered under the Offer.

Eligible Shareholders may apply for Shortfall Securities under the Shortfall Offer, subject to such Shareholders taking up their full Entitlement, by completing the appropriate section on their Entitlement and Acceptance Form or by making payment for such Shortfall Securities in accordance with Section 4.4 by no later than 5:00 pm (WST) on the Closing Date. Shortfall will be allocated in priority to Eligible Shareholders who take up their full Entitlement, who are not related to Directors, on a pro rata basis in accordance with Eligible Shareholders' Entitlements under the Offer, with any remaining Shortfall Shares (the subscription of which is not underwritten) to be allowed to lapse or placed to third parties.

The final allocation of the Shortfall will be at the discretion of the Underwriter and the Board who will ensure that the allocation of Shortfall Securities will be undertaken in a manner so as not to exacerbate a potential unacceptable control effect.

The Company notes that no Securities will be issued to an Applicant under the Offer or via the Shortfall Offer if the issue of Shares would contravene the takeover prohibition in section 606 of the Corporations Act.

4.17 ASX listing

Application for Official Quotation of the Securities offered pursuant to this Prospectus will be made in accordance with the timetable set out at Section 2. If

ASX does not grant Official Quotation of the Securities offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the ASIC, the Company will not issue any Securities and will repay all Application Monies for the Securities within the time prescribed under the Corporations Act, without interest.

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

4.18 Issue

Securities issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at Section 2.

Securities issued pursuant to the Shortfall Offer will be issued on a progressive basis and in accordance with the Underwriting Agreement. Where the number of Shares 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 in accordance with the ASX Listing Rules and timetable set out at Section 2 and for Shortfall Securities issued under the Shortfall Offer as soon as practicable after their issue.

4.19 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 Securities will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify the Securities the subject of this Prospectus or otherwise permit a public offering of the Securities the subject of this Prospectus in any jurisdiction outside Australia and New Zealand.

New Zealand

The Securities are not being offered to the public within New Zealand other than to existing Shareholders with registered addresses in New Zealand to whom the offer of these Securities is being made in reliance on the transitional provisions of

the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Nominees and custodians

Nominees and custodians may not submit an Entitlement and Acceptance Form on behalf of any Shareholder resident outside Australia and 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.

Appointment of Nominee

Pursuant to ASX Listing Rule 7.7, the Company has appointed a nominee, Canaccord Genuity (Australia) Limited, to sell the Entitlements to which Ineligible Shareholders are entitled. The nominee will have the absolute and sole discretion to determine the timing and price at which the Entitlements may be sold and the manner of any such sale.

Any interest earned on the proceeds of the sale of these Entitlements will firstly be applied against expenses of such sale, including brokerage and any balance will accrue to the relevant Ineligible Shareholders as described below.

The net proceeds of the sale of these Entitlements will then be forwarded by the Company as soon as practicable to the Ineligible Shareholders, in proportion to their share of such Entitlements (after deducting brokerage commission and other expenses).

Notwithstanding that the nominee may sell Entitlements, Ineligible Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds. Shareholders should be aware that the nominee will not be required to sell the Entitlements of Ineligible Shareholders at a particular price.

Neither the Company nor the nominee will be subject to any liability for failure to sell the Entitlements or to sell the Entitlements at a particular price. If, in the reasonable opinion of the nominee, there is no viable market for the Entitlements of the Ineligible Shareholders, or a surplus over the expenses of the sale cannot be obtained for the Entitlements that would have been offered to the Ineligible Shareholders, then those Entitlements will be allowed to lapse.

4.20 Enquiries

Any questions concerning the Offer should be directed to the Company Secretary, Winton Willesee, on +61 8 9389 3100

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$1,583,823. The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Underwritten Amount (\$)	%	Full Subscription (\$)	%
1	Research and Development	252,033	25%	360,188	23%
2	Sales and Marketing	119,286	12%	204,286	13%
3	Expenses of the Offer ¹	145,846	15%	183,331	11%
4	Working capital ²	482,835	48%	836,018	53%
	Total	1,000,000	100%	1,583,823	100%

Notes:

1. Refer to Section 8.8 for further details relating to the estimated expenses of the Offer.
2. Expected to include, but not limited to, employee compensation and executive management fees, development of technology roadmaps and innovation planning, overhead costs, accounting fees, directors' fees, legal fees, and funds allocated to consider potential acquisitions and the expenses of any such acquisitions.

On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve these objectives. 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.

5.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, will be to:

- (a) increase the cash reserves by \$1,400,492 (after deducting the estimated expenses of the Offer set out in Section 8.8) immediately after completion of the Offer;
- (b) increase the number of Shares on issue from 791,911,275 as at the date of this Prospectus to 2,375,733,825 Shares following completion of the Offer; and
- (c) increase the number of Options on issue from 125,987,500 as at the date of this Prospectus to 987,261,683 Options (including the 333,333,333 Underwriter Options to be issued to the Underwriter (or its nominees) but excluding any Placed Shortfall Options) following completion of the Offer.

5.3 Pro-forma balance sheet

The unaudited balance sheet as at 31 May 2020 and the unaudited pro-forma balance sheet as at 31 May 2020 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, no Options are exercised prior to the Record Date and including the 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.

		1	5			6		
	AUDITED	UNAUDITED	Rights Issue	Rights Issue	PROFORMA	Rights Issue	Rights Issue	PROFORMA
	31-Dec-19	31-May-20	Shares	Options	UNDERWRITTEN	Shares	Options ⁷	MAXIMUM
CURRENT ASSETS								
Cash	260,254	122,497	854,154	-	976,651	546,338	-	1,522,989
Other current assets ⁴	201,038	592,533	-	-	592,533	-	-	592,533
TOTAL CURRENT ASSETS	461,292	715,030	854,154	-	1,569,184	546,338	-	2,115,522
NON-CURRENT ASSETS								
Plant and equipment	32,752	34,141	-	-	34,141	-	-	34,141
TOTAL NON-CURRENT ASSETS	32,752	34,141	-	-	34,141	-	-	34,141
TOTAL ASSETS	494,044	749,171	854,154	-	1,603,325	546,338	-	2,149,663

			1	5			6		
	AUDITED		UNAUDITED	Rights Issue	Rights Issue	PROFORMA	Rights Issue	Rights Issue	PROFORMA
	31-Dec-19		31-May-20	Shares	Options	UNDERWRITTEN	Shares	Options ⁷	MAXIMUM
CURRENT LIABILITIES									
Creditors and other current liabilities	215,474		568,921	-	-	568,921	-	-	568,921
Covid-19 US Govt support ²	-		113,981	-	-	113,981	-	-	113,981
Loan facility ³	-		-	-	-	-	-	-	-
TOTAL CURRENT LIABILITIES	215,474		682,902	-	-	682,902	-	-	682,902
TOTAL LIABILITIES	215,474		682,902	-	-	682,902	-	-	682,902
NET ASSETS (LIABILITIES)	278,570		66,269	854,154	-	920,423	546,338	-	1,466,761
EQUITY									
Share capital	12,065,190		12,287,690	1,000,000	-	13,287,690	583,823	-	13,871,513
Options Reserve	1,139,149		1,175,393		345,306	1,520,699	-	100,799	1,621,498
Other Reserves	23,063		48,780			48,780			48,780

		1	5			6		
	AUDITED	UNAUDITED	Rights Issue	Rights Issue	PROFORMA	Rights Issue	Rights Issue	PROFORMA
	31-Dec-19	31-May-20	Shares	Options	UNDERWRITTEN	Shares	Options ⁷	MAXIMUM
Retained loss	- 12,948,832	-13,445,594	-145,846	-345,306	-13,936,746	-37,485	-100,799	-14,075,030
TOTAL EQUITY	278,570	66,269	854,154	-	920,423	546,338	-	1,466,761

Notes:

1. These unaudited management accounts have been prepared on a basis consistent with the principal accounting policies adopted by the Company as disclosed in its annual report for the year ended 31 December 2019.
2. In April 2020, the Company was approved for a non-dilutive, COVID-19 relief loan under the US Government's Paycheck Protection Program, valued at approximately US\$76,000. The Paycheck Protection Program loan is designated for small businesses and has a loan forgiveness feature that may enable the foregoing of repayment on a portion of the loan amount. This loan is unsecured, carries a one percent (1%) interest rate, and has payments deferred for six (6) months from the time of funding, with repayment due in twenty-four (24) months. It is anticipated that a portion of this loan will be forgiven based primarily on ATC's payroll paid in the weeks subsequent to the loan disbursement.
3. In January 2020, the Company announced it had entered into a non-convertible unsecured credit facility agreement with Bergen Global Opportunity Fund, LP. Under this agreement, the lender made US\$248,000 available to the Company, which could be drawn down by the Company over the following twelve (12) months. A further US\$352,000 may be drawn down by mutual agreement between the Company and lender. The Company elected to put the facility in place in order to provide it with additional working capital, should such working capital be needed. To date, the facility has not been drawn down.
4. Included within other current assets as at 31 May 2020 are receivables of approximately \$367,000 that were received in cash by the date of this Prospectus.
5. Represents the effect of the proceeds of the Offer less anticipated expenses associated with the Offer, under the assumption that only the amount underwritten of \$1,000,000 is raised as proceeds. Included within the impact of the options are 333,333,333 Underwriter Options that are to be issued to the Underwriter (or its nominees), valued at \$172,653.
6. Represents the additional effect of the proceeds of the Offer less anticipated expenses associated with the Offer, including the impact of issuing additional Options, assuming the Offer is fully subscribed.
7. In respect of the portion of the amount to be raised under the Offer which is not underwritten (approximately \$583,823), the Company has also agreed to issue one additional (1) New Option to the Underwriter (or its nominees) for every three (3) Shares which are not subscribed for by Eligible Shareholders and are placed to third parties by the Underwriter (being a maximum potential number of an additional 194,607,517 New Options) subject to Shareholder approval. These Options have a total value of \$100,799. The options reserve and the retained loss would be further increased/(decreased) by this amount respectively. Please refer to Section 8.4 for further details in relation to the issue of these Placed Shortfall Options.

5.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, is set out below.

Shares

	Number
Shares currently on issue	791,911,275 ¹
Shares offered pursuant to the Offer ²	1,583,822,550
Total Shares on issue after completion of the Offer	2,375,733,825

Notes:

1. This includes 30,296,611 Shares that are subject to voluntary escrow restrictions until 7 October 2020.
2. This number may vary due to rounding of Entitlements.

Options

	Number
Options currently on issue:	
Class D Unlisted Options exercisable at \$0.30 on or before 19/04/2021	700,000
Class E Unlisted Options exercisable at \$0.30 on or before 19/04/2021	5,000,000
Class F Unlisted Options exercisable at \$0.30 on or before 19/04/2022	3,000,000
Class R Unlisted Options exercisable at \$0.11 on or before 18/04/2021	1,500,000
Class S Unlisted Options exercisable at \$0.11 on or before 18/04/2022	1,500,000
Class T Unlisted Options exercisable at \$0.11 on or before 18/04/2023	1,500,000
Class U Unlisted Options exercisable at \$0.11 on or before 18/04/2024	1,500,000
Class V Unlisted Options exercisable at \$0.11 on or before 30/05/2021	1,000,000
Class W Unlisted Options exercisable at \$0.11 on or before 21/12/2021	300,000
Class X Unlisted Options exercisable at \$0.11 on or before 18/07/2021	400,000
Class Y Unlisted Options exercisable at \$0.11 on or before 18/07/2021 (vesting on 18/07/2019)	400,000
Class Z Unlisted Options exercisable at \$0.11 on or before 18/07/2021 (vesting on 18/07/2020)	400,000
Class AA Unlisted Options exercisable at \$0.11 on or before 02/11/2021	200,000

	Number
Class AB Unlisted Options exercisable at \$0.11 on or before 02/11/2021 (vesting on 02/11/2019)	200,000
Class AC Unlisted Options exercisable at \$0.11 on or before 02/11/2021 (vesting on 02/11/2020)	200,000
Class AD Unlisted options exercisable at \$0.005 on or before 24 December 2023 (vesting on 24/12/2019)	32,750,000
Class AE Unlisted options exercisable at \$0.010 on or before 24 December 2024 (vesting on 24/12/2020)	32,750,000
Class AF Unlisted options exercisable at \$0.015 on or before 24 December 2023 (vesting on 24/12/2021)	6,500,000
Class AG Unlisted options exercisable at \$0.020 on or before 24 December 2023 (vesting on 24/12/2022)	6,500,000
Class AH Unlisted options exercisable at \$0.0008 on or before 30 June 2022	29,687,500
Total Options currently on issue:	125,987,500
Options offered pursuant to the Offer:	
New Options offered pursuant to the Offer ¹ Quoted exercisable at \$0.001 on or before 3 years from the date of issue	527,940,850
Underwriter Options to be issued to the Underwriter (or its nominees) ^{2, 3} Quoted exercisable at \$0.001 on or before 3 years from the date of issue	333,333,333
Total Options on issue after completion of the Offer	987,261,683

Notes:

1. This number may vary due to rounding of Entitlements.
2. The Company has agreed to issue the Underwriter (or its nominees) 333,333,333 Underwriter Options in consideration for underwriting the Offer subject to Shareholder approval. Please refer to Section 8.4 for further details in relation to the issue of the Underwriter Options.
3. In respect of the portion of the amount to be raised under the Offer which is not underwritten (approximately \$583,823), the Company has also agreed to issue one (1) New Option to the Underwriter (or its nominees) for every three (3) Shares which are not subscribed for by Eligible Shareholders and are placed to third parties by the Underwriter (being a maximum of 194,607,517 New Options) subject to Shareholder approval. Please refer to Section 8.4 for further details in relation to the issue of the Placed Shortfall Options.

Performance Shares¹

	Number
Class B Performance Shares	15,000,000
Class C Performance Shares	15,000,000
Performance Shares offered pursuant to the Offer	Nil
Total Performance Shares on issue after completion of the Offer	30,000,000

Notes:

1. The performance milestones attaching to the Performance Shares were not satisfied within the required time periods. Accordingly, the Company is in the process of redeeming the

Performance Shares pursuant to their terms. Please refer to the Company's ASX announcements dated 21 May 2020 and 27 May 2020 for further information.

The capital structure on a fully diluted basis as at the date of this Prospectus would be 947,898,775 Shares and on completion of the Offer (assuming all Entitlements are accepted) would be 3,392,995,508 Shares.

5.5 Details of substantial holders

Based on publicly available information as at 24 June 2020, 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	%
Azalea Investments Pty Ltd	79,925,000 ¹	10.09%
Mr Craig Graeme Chapman<Sypaq SYS Employees S/F A/C>	40,000,000	5.50%

Notes:

1. Consisting of 59,375,000 Shares held by Azalea Investments Pty Ltd, 11,000,000 Shares held by Chinnerinchee Nominees Pty Ltd and 9,550,000 Shares held by Azalea Family Holdings Pty Ltd ATF The Britt and Winton Willesee Family Trust.

6. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

6.1 Shares

The following is a summary of the more significant rights and liabilities attaching to 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.

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

(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 the 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). Amounts paid in advance of a call are ignored when calculating the proportion.

(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 or credited as paid is of the total amounts paid and payable in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they believe to be justified subject to the requirements of the

Corporations Act. 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, grant shareholders or a class of shareholders the right to elect to reinvest cash dividends paid by the Company by subscribing for Shares on the terms determined by the Board.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, 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.

(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 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 or 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**

Pursuant to 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.

6.2 New Options to be issued under the Offer and the Option Offer to the Underwriter

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph 6.2(i) below, the amount payable upon exercise of each Option will be \$0.001 per Option (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) three years from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each 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 Option being exercised in cleared funds (**Exercise Date**).

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

Within 15 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 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)(e) 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 Options.

If a notice delivered under paragraph 6.2(ii) above 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 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 Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

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

(l) **Transferability**

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

7. RISK FACTORS

7.1 Introduction

The Securities offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Company specific

(a) Coronavirus (COVID-19)

The outbreak of the coronavirus (**COVID-19**) is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's sales and/or operations and are likely to be beyond the control of the Company.

The COVID-19 pandemic may also give rise to issues, delays or restrictions in material procurement, product processing and packaging and the Company's ability to deliver products to customers, which may result in cost increases or adverse impacts on sales volume or timing. In addition, the effects of COVID-19 on the Company's Share price and global financial markets generally may also affect the Company's ability to raise equity or debt or require the Company to issue capital at a discount, which may in turn cause dilution to Shareholders.

The Directors are actively monitoring the situation closely and have considered the impact of COVID-19 on the Company's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain. In compliance with its continuous disclosure obligations, the Company will continue to update the market in regard to the impact of COVID-19 on potential revenue channels and any adverse impact on the Company and its operations. If any of these impacts appear material prior to close of the Offer, the Company will notify investors under a supplementary prospectus.

Investors should refer to the Company's ASX announcement released on 24 April 2020 which provides that the Company received a non-dilutive COVID-19 relief loan from the US government through its US subsidiary, Aquabotix Technology Corporation.

(b) **Going concern risk**

The Company's financial report for the year ended 31 December 2019 stated the Company and its controlled entities (together, the **Group**) "incurred losses of \$2,409,264 and had net cash outflows used in operating activities of \$2,007,199. The ability of the Group to continue as a going concern is dependent on a number of factors, the most significant of which is its ability to generate sufficient returns from operating activities, or to raise further capital, thus resulting in a material uncertainty that may cast doubt on the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business".

Notwithstanding the 'going concern' note included in the 2019 annual report, the Directors believe that there are reasonable grounds to believe that the Group will continue as a going concern post the 12-month period to 31 December 2020, after consideration of the following factors:

- (i) on 28 January 2020, the Company entered into a non-convertible unsecured credit facility agreement with Bergen Global Opportunity Fund LP (**Lender**), a related party to the Company. Under the agreement, the Lender made available US\$248,000 by way of an unsecured credit facility, to be drawn down at its discretion by the Company over the following 12 months subject to it meeting various administrative conditions precedent. A further US\$352,000 may be drawn down by mutual agreement between the Company and the Lender. Initial fees of US\$48,000 will be payable if the Company elects to draw down on the facility. Interest is payable on any drawn down amount at a rate of 14.99%, payable in arrears on a quarterly basis. The facility is available for a period of 12 months from the date of execution of the agreement. In the event that facility is drawn down, the maturity date for repayment of the loans is 21 January 2021;
- (ii) the Company had net current assets of \$245,818, net assets of \$278,570 as well as cash and cash equivalents of \$260,254 as at 31 December 2019;
- (iii) the Company expects to generate revenues from the sale of SwarmDiver™ and other products and services within the next 12 months and beyond;
- (iv) the Company has the ability to issue additional shares to raise further working capital and has been successful in doing this previously, as evidenced by the successful capital raising completed during financial year ended 31 December 2019;
- (v) the Company has the ability to apply for additional grants to fund research and development activities for additional components or to further enhance the capabilities of its existing products. During 2019, the Company benefitted from one such arrangement with the Defense Innovation Network in Australia as well as U.S. Military-funded development contracts;
- (vi) the Company has the ability to apply for additional grants to fund export and marketing activities to further promote the sale of its products. During 2019, the Company received one such

grant for participation in a trade show, and the Company has already been notified of acceptance for its first 2020 trade show support; and

- (vii) the Company also has the ability to scale down its operations in order to further curtail expenditure in the event insufficient cash is available to meet projected expenditure.

In the event that the Offer is not completed successfully, 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.

(c) **Potential for significant dilution**

Upon implementation of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date the number of Shares in the Company will increase from 791,911,275 currently on issue to 2,375,733,825. This means that each Share will represent a significantly lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to this Prospectus being lodged of \$0.001 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.

(d) **Additional requirements for capital**

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. 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 and scale back its development and research programmes as the case may be. 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.

(e) **Shareholder dilution**

In the future, the Company may elect to issue Shares or other securities. While the Company will be subject to the constraints of the ASX Listing Rules regarding the issue of Shares or other securities, Shareholders may be diluted as a result of issues of Shares or other securities. Further, on the conversion of Performance Shares into Shares, Shareholders will be further diluted.

(f) **Limited operations**

The Company has limited operations and may be dependent on equity and debt fund-raising and/or dividends and distributions from its subsidiaries.

(g) **Acquisitions**

The Company's growth strategy may involve finding and consummating acquisitions in areas complimentary or adjacent to its existing business, or potentially in unrelated sectors. The Company may not be successful in identifying and acquiring suitable acquisition targets at acceptable cost. Further, acquisitions may require additional funding on acceptable terms, which may or may not be available at the relevant time. Further, the Company will experience competition in making acquisitions from larger companies with significantly greater resources.

(h) **International operations**

The Company sells its products to international customers and expects to continue to do business around the world. 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 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.

(i) **Litigation**

As announced on 28 January 2020, the Company's product SwarmDiver incorporates, among others, certain technology of which the Company's wholly owned U.S subsidiary, Aquabotix Technology Corporation (**ATC**), is the licensee. On 23 January 2020, the Company learned that the licensor of the technology, Apium Inc. (**Apium**), had filed a lawsuit against ATC in the U.S District Court, Central District of California in Los Angeles. The lawsuit includes claims for actual and anticipatory breach of the license agreement, a declaratory judgment that the license is terminated and that Apium itself has not breached the license, as well as violation of the U.S. Defend Trade Secrets Act. As disclosed on 28 January 2020, the Company and ATC believe the lawsuit is without merit and that Apium's actions are themselves a breach of the terms of the licence agreement. As announced on 3 April 2020, ATC has filed a motion to dismiss in the relevant court, however there is no guarantee that this motion will be successful or that an attractive negotiated solution will be achieved.

The Company and/or ATC may be subject to further litigation risks including, but not limited to, intellectual property ownership disputes, contractual claims, environmental claims, 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.

(j) **Disputes**

The activities of the Company may result in disputes with third parties, including, without limitation, the Company's investors, competitors, regulators, partners, distributors, customers, directors, officers and employees, suppliers, licensors and service providers. The Company may incur substantial costs in connection with such disputes.

(k) **Strategies**

There are no limits on strategies that the Company may pursue. The strategy 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 current strategy, approaches, markets and products of the Company may not reflect the strategies, approaches, markets and products relevant to, or pursued by, the Company at a later date.

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.

(l) **Governmental contracts**

A significant portion of the Company's revenues may depend on the Company's ability to do business with the U.S. as well as foreign governments and their various agencies, whether directly or indirectly. Such customers may:

- (i) award, terminate or modify contracts at their convenience;
- (ii) terminate, reduce or modify contracts or subcontracts if its requirements or budgetary constraints change;
- (iii) cancel multi-year contracts and related orders if funds become unavailable;
- (iv) shift their spending priorities;
- (v) adjust contract costs and fees on the basis of audits done by its agencies;
- (vi) use and practice intellectual property developed in the performance of a government contract or subcontract;
- (vii) claim rights to intellectual property not properly protected pursuant applicable contract terms;
- (viii) seek penalties and fines exceeding the value of a contract for contract activity that results in the submission of a false claim to the government;
- (ix) debar the Company or its subsidiaries because of legal and other actions undertaken by or against the Company or its subsidiaries, the Company's officers, directors, shareholders,

employees and affiliates, or convictions of the Company's officers, directors, shareholders, employees or affiliates;

- (x) inquire about and investigate business practices and audit compliance with applicable rules and regulations; and
- (xi) direct or redirect sources of materials, suppliers, contract manufacturers, or other key operations under its contracts.

(m) **Contracts in general**

There are a number of risks associated with contracts entered into by the Company, including the risk that those contracts may contain unfavourable provisions, or be terminated, lost or impaired, or renewed on less favourable terms.

(n) **Supply**

The Company may experience delivery delays or inability to perform if its contract or component manufacturers, suppliers or sub-contractors fail to deliver conforming products or services to plan. The Company's products are currently manufactured using a contract manufacturer, though the Company may at some point in the future elect to manufacture in house. Any operational issues that the current or future manufacturer incurs may affect the delivery of the products. The Company may depend on its current or any future manufacturer to adjust operations accordingly with demand of the products to ensure no back log in production. There may also be a risk with working with only one future manufacturer, in that suspension or termination of the agreement to produce will temporary halt all deliveries until an issue is resolved or a new agreement is made with another manufacturer. Further, as the Company generally seeks contract manufacturers with experience in delivering government or military orders, there may be requirements associated with those other orders that affect timing of production, causing delay or other disruption in the production for the Company's requirements.

The Company's products contain both off-the-shelf and custom parts and components. The availability of any of these materials may be delayed, discontinued, modified, re-priced, or otherwise changed such that those changes impact the cost, timeline, or ability to complete production, with or without any prior notice to the Company. These events may impact the Company's ability to offer for sale or deliver against existing contracts successfully. These events may also necessitate costly modification, design, or re-development of the products, which the Company may or may not have resources available to support.

(o) **Product liability**

As with all new products, 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.

(p) **Environmental**

The Company's operations are subject to government environmental legislation. While environmental issues are continually monitored to minimise the likelihood of risk there is no assurance that the Company's operations will not be affected by an environmental incident or subject to environmental liabilities. The introduction of new environmental legislation and regulations may result in additional cost to the Company arising from additional compliance, further capital expenditure and monitoring which may have a material adverse impact on the financial position and performance of the Company.

(q) **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 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.

(r) **Foreign exchange**

The Company will be operating in a variety of jurisdictions, including the United States of America and Australia, 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. 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.

(s) **Insurance coverage**

The Company faces various risks in conducting its business and may lack adequate insurance coverage or may not have the relevant insurance coverage. The Company will need to review its insurance requirements periodically. If the Company incurs substantial losses or liabilities and its insurance coverage is unavailable or inadequate to cover such losses or liabilities, the Company's financial position and financial performance may be adversely affected. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

(t) **Climate change risks**

There are a number of climate-related factors that may affect the operations and proposed activities of the Company. The climate change risks particularly attributable to the Company include:

- (i) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international

compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and

- (ii) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

7.3 General Risks

(a) 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 wars, terrorist acts, sabotage, subversive activities, security operations, labour unrest, civil disorder, and states of emergency), natural disasters (including fires, earthquakes and floods), and quarantine restrictions, epidemics and pandemics, may have an adverse effect on the Company's operations.

(b) Market conditions

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:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

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 in general and technology stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Further, the value of the Shares may fluctuate more sharply than that of other securities, given the low per Share pricing of the Shares under the Prospectus, and the fact that investment in the Company is highly speculative.

7.4 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus.

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that an investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

8. ADDITIONAL INFORMATION

8.1 Litigation

Other than as set out in Section 7.2(i) 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.

8.2 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 Company's securities.

This Prospectus is a "transaction specific prospectus". In general terms a "transaction specific prospectus" 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.

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 3 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.

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
 - (i) 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:
 - (ii) the annual financial report most recently lodged by the Company with the ASIC;

- (iii) 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
- (iv) 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
24 June 2020	Proposed Issue of Securities - UUV
24 June 2020	Proposed Issue of Securities - UUV
24 June 2020	Rights Issue
24 June 2020	Appendix 2A
24 June 2020	Proposed Issue of Securities - UUV
24 June 2020	Proposed Issue of Securities - UUV
24 June 2020	Appendix 3G
18 June 2020	Trading Halt
29 May 2020	Constitution
29 May 2020	Results of Meeting
28 May 2020	Cancel – Consolidation/Split - UUV
28 May 2020	Withdrawal of Resolution for AGM
27 May 2020	Redemption of Class C Performance Shares
22 May 2020	Results of Meeting
21 May 2020	Redemption of Class B Performance Shares
14 May 2020	Withdrawal of Resolution for AGM
1 May 2020	Change of Director's Interest Notice x2
30 April 2020	Appendix 2A
30 April 2020	Section 708 Cleansing Notice
30 April 2020	Proposed issue of Securities - UUV
30 April 2020	Fee Plan Issue
30 April 2020	US Army Purchases Swarmdiver
29 April 2020	Consolidation/Split - UUV
29 April 2020	Notice of Annual General Meeting/Proxy Form
28 April 2020	Quarterly Report and Appendix 4C
24 April 2020	Aquabotix Approved for US Government Covid-19 Loan
22 April 2020	Becoming a substantial holder
21 April 2020	Appendix 2A

Date	Description of Announcement
21 April 2020	Proposed issue of Securities - UUV
20 April 2020	Section 708 Cleansing Notice
20 April 2020	Placement
20 April 2020	Notice of General Meeting/Proxy Form
20 April 2020	Aquabotix Receives Non-Dilutive Award & Business Update
14 April 2020	Listing Rule 3.13.1 Notice re AGM
3 April 2020	Legal Dispute Update
1 April 2020	Ceasing to be a substantial holder
1 April 2020	Becoming a substantial holder
30 March 2020	Ceasing to be a substantial holder
26 March 2020	Appendix 2A
26 March 2020	Section 708 Cleansing Notice
26 March 2020	Proposed issue of Securities – UUV
26 March 2020	Placement
23 March 2020	CEO Remuneration
17 March 2020	Results of Meeting
27 February 2020	Appendix 4G

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 www.aquabotix.com.

8.3 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:

	Price	Date
Highest	\$0.002	24 April 2020 and 2 June 2020 to 5 June 2020
Lowest	\$0.001	23 April 2020 and 29 April 2020 to 29 May 2020 and 24 June 2020
Last	\$0.001	24 June 2020

8.4 Underwriting Agreement

By an agreement between the Underwriter and the Company (**Underwriting Agreement**), the Underwriter has agreed to partially underwrite the Offer to a maximum of 1,000,000,000 Shares and 333,333,333 New Options (**Underwritten Securities**) totalling \$1,000,000 (**Underwritten Amount**). The Company has agreed to pay the Underwriter a management fee of 2% of the total gross amount raised

under the Offer plus an underwriting fee of 4% of the total gross amount raised under the Offer in addition to a corporate advisory fee of \$40,000.

The Company has also agreed, subject to Shareholder approval, to issue to the Underwriter (or its nominees):

- (a) 333,333,333 Underwriter Options in consideration for underwriting the Offer; and
- (b) in respect of the portion of the amount to be raised under the Offer which is not underwritten (approximately \$583,823), up to 194,607,517 Placed Shortfall Options in consideration for the Underwriter placing Shortfall which is not subscribed for by Eligible Shareholders to third parties.

These Options will be issued on the terms and conditions set out in Section 6.2. In the event Shareholder approval is not obtained for the issue of these Options, the Company will be required to pay the Underwriter a cash amount equal to the value of such Options.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement (without cost or liability to it) if:

(a) **Indices fall**

Either of the All Ordinaries Index or the S&P/ASX Small Ordinaries Index as published by ASX is at any time after the date of the Underwriting Agreement, at a level that is 7.5% or more below its respective level as at the close of business on the business day prior to the date of the Underwriting Agreement.

(b) **No Official Quotation**

Official Quotation has not been applied for in respect of all the Shares the subject of the Offer within 2 business days after the Closing Date (or such other date as agreed by the parties) or, having been applied for, is subsequently withdrawn, withheld or qualified.

(c) **Supplementary Prospectus**

- (i) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence as described in paragraph 8.4(m)(vi), forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the Underwriter may reasonably require; or
- (ii) the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriter.

(d) **Non-compliance with disclosure requirements**

It transpires that the Prospectus does not contain all the information required by the Corporations Act.

(e) **Misleading Prospectus**

It transpires that there is a statement in the Prospectus that is misleading or deceptive in a material respect or likely to mislead or deceive to a material respect, or that there is an omission from the Prospectus of a material respect or if any statement in the Prospectus becomes misleading or deceptive in a material respect or likely to mislead or deceive in a material respect or if the issue of the Prospectus is or becomes misleading or deceptive in a material respect or likely to mislead or deceive in a material respect.

(f) **Restriction on allotment**

The Company is prevented from allotting the Securities the subject of the Offer within the time required by the Underwriting Agreement, the Corporations Act, the ASX 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.

(g) **Withdrawal of consent to Prospectus**

Any person (other than the Underwriter) 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.

(h) **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 date that is 2 business days after the Closing Date (or such other date as agreed by the parties) has arrived, and that application has not been dismissed or withdrawn.

(i) **Takeovers Panel**

The Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Part 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel.

(j) **Hostilities**

There is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, New Zealand, Japan, Russia, the United Kingdom, the United States of America, France, North Korea, the People's Republic of China, Israel or any member of the European Union.

(k) **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 the Underwriter (acting reasonably).

(l) **Indictable offence**

A director or senior manager of the Company or any of its subsidiaries is charged with an indictable offence.

(m) **Termination Events**

Any of the following events occurs, subject to such an event having a material adverse effect:

(i) **Default**

Default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking which is not remedied by the Company within 5 business days of notification by the Underwriter.

(ii) **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.

(iii) **Contravention of constitution or Act**

A contravention by the Company or any of its subsidiaries of any provision of its constitution, the Corporations Act, the ASX Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX.

(iv) **Adverse change**

An event occurs which gives rise to a material adverse effect (as specified under the Underwriting Agreement) after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of the Company or any of its subsidiaries including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time.

(v) **Error in Due Diligence Results**

It transpires that any of the due diligence results (undertaken in respect of the Offer) or any part of the verification material was false, misleading or deceptive in a material respect or that there was a material omission from them.

(vi) **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.

(vii) **Public statements**

Without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer, the issue of the Securities the subject of the Offer or the Prospectus except where such statement is required by law or the ASX Listing Rules.

(viii) **Misleading information**

Any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the issue of the Securities the subject of the Offer or the affairs of the Company or any of its subsidiaries is or becomes misleading or deceptive or likely to mislead or deceive;

(ix) **Official Quotation qualified**

The Official Quotation is qualified or conditional other than as set out in the definition of "Official Quotation".

(x) **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.

(xi) **Prescribed Occurrence**

A prescribed occurrence (as specified in the Underwriting Agreement) relating to the issued capital or business or property of the Company or any of its subsidiaries occurs or the Company or any of its subsidiaries becoming subject of an insolvency event.

(xii) **Suspension of debt payments**

The Company suspends payment of its debts generally.

(xiii) **Event of Insolvency**

An event of insolvency occurs in respect of the Company or any of its subsidiaries.

(xiv) **Judgment against a Relevant Company**

A judgment in an amount exceeding \$50,000 is obtained against the Company or any of its subsidiaries and is not set aside or satisfied within 7 days.

(xv) **Litigation**

Material litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced against the Company or any of its subsidiaries, other than any claims disclosed to the Underwriter in writing prior to the date of the Underwriting Agreement or foreshadowed in the Prospectus.

(xvi) **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 on which the last of the Securities the subject of the Offer are allotted in accordance with the Prospectus without the prior written consent of the Underwriter (acting reasonably).

(xvii) **Change in shareholdings**

There is a material change in the major or controlling shareholdings of the Company or any of its subsidiaries or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company or any of its subsidiaries.

(xviii) **Timetable**

There is a delay in any specified date in the agreed timetable under the Underwriting Agreement which is greater than 5 business days, without the written consent of the Underwriter (such consent not to be unreasonably withheld or delayed).

(xix) **Force Majeure**

A force majeure event (as specified under the Underwriting Agreement) affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 14 days occurs.

(xx) **Certain resolutions passed**

The Company or any of its subsidiaries 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 the Underwriter.

(xxi) **Capital Structure**

The Company or any of its subsidiaries alters its capital structure in any manner not contemplated by the Prospectus except in respect of the exercise of options on issue at the date of the Underwriting Agreement or the issue of Shares under the Company's Director and Employee Fee Plan approved by Shareholders on 18 December 2019.

(xxii) **Investigation**

Any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or any of its subsidiaries.

(xxiii) **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.

The Underwriting Agreement contains indemnities, representations and warranties and undertakings by the Company to Canaccord and other terms and conditions considered standard for an agreement of this nature.

The Company is also party to a mandate with the Underwriter pursuant to which the Underwriter has agreed to act as Lead Manager to the Offer. Pursuant to such mandate, the Company has agreed that, in the event that during the period of 12 months starting on the earlier of the completion of the Offer and the termination of the engagement by the Company, the Company undertakes any equity or hybrid capital raising (**Subsequent Offer**), the Company agrees to offer the Underwriter the first right of refusal to act as sole and exclusive lead manager and bookrunner to the Subsequent Offer and will pay the Lead Manager a fee to be agreed between the Company and the Lead Manager (such agreement not to be unreasonably withheld).

8.5 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
 - (ii) the Offer.

Security holdings

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	Entitlement	\$
Peter James ¹	36,031,993 ²	26,000,000 ³	72,063,986	72,064
Jay Cohen	Nil	8,700,000 ⁴	Nil	Nil

Robert Clisdell ⁵	14,127,630 ⁶	15,000,000 ⁷	28,255,260	28,255
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Notes:

1. Mr James has also agreed to sub-underwrite the Offer up to an amount of \$65,000 (65,000,000 Shares). Please refer to Section 4.14 for further details of the sub-underwriting including the cash fee payable to Mr James and the Underwriter Options to be issued to Mr James.
2. Mr James' relevant interest in securities comprises a direct interest in 32,676,281 Shares and 20,000,000 Options and an indirect interest in 3,355,712 Shares held by Bond Street Custodians Limited ATF Christie James Super Fund.
3. 3,000,000 unquoted Options exercisable at \$0.30 each on or before 19 April 2021, 3,000,000 unquoted Options exercisable at \$0.30 each on or before 19 April 2022, 10,000,000 unquoted Options exercisable at \$0.005 each on or before 24 December 2023 and 10,000,000 unquoted Options exercisable at \$0.010 each on or before 24 December 2023.
4. 700,000 unquoted Options exercisable at \$0.30 each on or before 19 April 2021, 4,000,000 unquoted Options exercisable at \$0.005 each on or before 24 December 2023 and 4,000,000 unquoted Options exercisable at \$0.010 each on or before 24 December 2023.
5. Mr Clisdell has also agreed to sub-underwrite the Offer up to \$30,000 (30,000,000 Shares). Please refer to Section 4.14 for further details of the sub-underwriting including the cash fee payable to Mr Clisdell and the Underwriter Options to be issued to Mr Clisdell.
6. Mr Clisdell's relevant interest in securities comprises a direct interest in 5,582,433 Shares and an indirect interest in 8,545,197 Shares and 15,000,000 Options held by Rony Investments Pty Ltd <the Clisdell Family Trust A/C>.
7. 1,000,000 unquoted Options exercisable at \$0.11 each on or before 30 May 2021, 7,000,000 unquoted Options exercisable at \$0.005 each on or before 24 December 2023 and 7,000,000 unquoted Options exercisable at \$0.010 each on or before 24 December 2023.

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 \$300,000 per annum.

A Director may be paid fees or other amounts (ie 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.

Director	Remuneration for the year ended 31 December 2018	Remuneration for the year ended 31 December 2019	Proposed remuneration for year ending 31 December 2020
Peter James	\$100,000	\$136,865 ¹	\$100,000
Jay Cohen	\$53,505 ²	\$72,426 ³	\$30,769 ⁴
Robert Clisdell	\$59,384 ⁵	\$75,805 ⁶	\$50,000

Notes:

1. Consists of \$41,977 in salary and fees, \$58,333 in equity-settled Shares and \$36,865 in equity-settled options.
2. Consists of USD\$40,000 in salary and fees.
3. Consists of USD\$40,000 in salary and fees and \$14,746 in equity-settled options.
4. Consists of USD\$20,000 in salary and fees.
5. Consists of AUD\$39,784.22 in salary and fees and AUD\$19,599 in equity-settled options.
6. Consists of \$20,834 in salary and fees and \$29,166 in equity-settled shares and \$25,805 in equity-settled options.

8.6 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.

Canaccord Genuity (Australia) Limited will be paid the fees set out in Section 8.4 to act as Underwriter and Lead Manager to the Offer. Further details in relation to the Underwriting Agreement are also summarised in Section 8.4. During the 24 months preceding lodgement of this Prospectus with the ASIC, Canaccord Genuity (Australia) Limited has been paid fees totalling \$40,350.96 (excluding GST) by the Company. Further, Canaccord Genuity (Australia) Limited has been appointed as the Company's nominee pursuant to ASX Listing Rule 7.7 (refer to Section 4.19). Canaccord Genuity (Australia) Limited will be paid the greater of \$2,000 and 2% of the gross proceeds of the sale of the renounceable rights of Ineligible Shareholders for this service in accordance with standard industry terms and conditions.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$20,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$81,581.51 (excluding GST and disbursements) for legal services provided to the Company.

8.7 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; and
- (b) 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.

Canaccord Genuity (Australia) Limited has given its written consent to being named as Underwriter and Lead Manager to the Offer and as the Company's nominee under ASX Listing Rule 7.7 in this Prospectus, in the form and context in which it is named. Canaccord Genuity (Australia) Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC. Canaccord Genuity (Australia) Limited (including its related entities) is not currently a Shareholder or Optionholder of the Company.

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

8.8 Expenses of the Offer

The total expenses of the Offer are expected to be applied towards the items set out in the table below:

	Underwritten Amount	Full Subscription
	\$	\$
ASIC fees	3,206	3,206
ASX fees	10,340	12,797
Lead Manager and Underwriter fees	100,000	135,028
Nominee fees	2,000	2,000

Legal fees	20,300	20,300
Printing, distribution, registry, miscellaneous	10,000	10,000
Total	145,846	183,331

8.9 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 8 9389 3100 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.aquabotix.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.

8.10 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.

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

The Company will not be issuing share or option certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares 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 CHES and issuer sponsorship.

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.

8.12 Privacy Act

If you complete an application for Securities, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, 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 Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (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.

9. 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.

Peter James
Non-Executive Chairman
For and on behalf of
UUV AQUABOTIX LIMITED

10. GLOSSARY

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

Applicant means a Shareholder who applies for Shares pursuant to the Offer or a Shareholder or other party who applies for Shortfall Securities pursuant to the Shortfall Offer as the context requires.

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

Application Monies means money paid by Applicants to subscribe for Securities under this Prospectus.

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 CHESS.

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.

Closing Date means the date specified in the timetable set out in Section 2 (unless extended).

Company means UUV Aquabotix Limited (ACN 616 062 072).

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

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

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

Eligible Shareholder means a Shareholder of the Company as at the Record Date other than an Ineligible Shareholder.

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.

Ineligible Shareholder means a Shareholder as at the Record Date whose registered address is not situated in Australia or New Zealand.

Lead Manager or **Underwriter** means Canaccord Genuity (Australia) Limited (ABN 19 075 071 466) (AFSL 234666).

New Option means an Option issued on the terms set out in Section 6.2.

Offer means the 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.

Placed Shortfall Option has the meaning given in Section 4.2.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Section means a section of this Prospectus.

Securities means Shares and/or New Options offered pursuant to this Prospectus.

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

Shareholder means a holder of a Share.

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

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

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in Section 4.16.

Shortfall Securities means those Securities issued pursuant to the Shortfall.

Underwriter Option means an Option issued to the Underwriter (or its nominees) of the Offer on the terms set out in Section 6.2.

Underwriting Agreement means the underwriting agreement between the Underwriter and the Company summarised at Section 8.4.

WST means Western Standard Time as observed in Perth, Western Australia.