



# Identitii Limited

ACN 603 107 044

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# Prospectus

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Details of a partially underwritten 1 for 1 non-renounceable entitlement offer of new fully paid ordinary shares (**Shares**) in Identitii Limited to raise up to approximately \$3.82 million (**Entitlement Offer**).

The Entitlement Offer closes at 5pm (Sydney time) on Friday, 24 April 2020 (unless extended). Applications must be received before that time and date.

**Important Notice:** This Prospectus is a transaction specific prospectus prepared in accordance with the requirements of section 713 of the *Corporations Act 2001* (Cth). This is an important document that should be read in its entirety. Please read the instructions in this Prospectus and on the accompanying personalised Entitlement and Acceptance Form carefully if you wish to apply for Shares (and, Additional Shares, if applicable) under the Prospectus. If you do not understand this document or you are unsure whether to apply for Shares (and, Additional Shares, if applicable) you should consult your stockbroker, lawyer, accountant or other professional adviser without delay. The Shares being offered under this Prospectus should be regarded as a highly speculative investment.

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

## **Table of contents**

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IMPORTANT INFORMATION	3
KEY ENTITLEMENT OFFER INFORMATION	6
CHAIRMAN'S LETTER	9
1 INVESTMENT AND COMPANY OVERVIEW	12
2 DETAILS OF THE ENTITLEMENT OFFER	23
3 PURPOSE AND EFFECT OF THE OFFER	29
4 RISK FACTORS	36
5 ADDITIONAL INFORMATION	40
6 DIRECTORS' AUTHORISATION	53
7 GLOSSARY	54
CORPORATE DIRECTORY	55

## Important information

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### 1. General

This prospectus (**Prospectus**) relates to the offer of up to 54,518,799 fully paid ordinary shares (**Shares**<sup>1</sup>) in Identitii Limited ACN 603 107 044 (**Company** or **Identitii**) at an issue price of \$0.07 per Share (**Issue Price**) to raise gross proceeds of up to approximately \$3.82 million (**Entitlement Offer**).

### 2. Transaction specific Prospectus

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the *Corporations Act 2001* (Cth) (**Corporations Act**)) and has been prepared and issued by the Company in accordance with the requirements of section 713 of the Corporations Act.

### 3. Lodgment and Official Quotation

This Prospectus is dated 30 March 2020 and a copy of this Prospectus was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. The Company will apply to ASX Limited (**ASX**) for Quotation of the Shares the subject of the Entitlement Offer within 7 days after the date of the Prospectus.

### 4. Expiry date

This Prospectus expires on 30 April 2021, being the date which is 13 months after the date of the Prospectus. No Shares will be offered under this Prospectus after 30 April 2021.

### 5. No responsibility

Neither ASIC nor ASX (or either of their respective officers) take any responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates. Furthermore, none of the Company, Gleneagle Securities (Aust) Pty Ltd ACN 136 930 526 (**Underwriter**) or Boardroom Pty Ltd ACN 003 209 836 (**Share Registry**) (or any of their respective officers, employees, directors, agents or advisers) accept any responsibility, whether in negligence or otherwise, to persons who deal in Shares before receiving their holding statements.

### 6. Transferability

Your right to acquire Shares under the Entitlement Offer (your **Entitlement**) is not transferrable. Eligible Shareholders should carefully read and follow the instructions set out in Section 2.7 and on the accompanying personalised entitlement and acceptance form (**Entitlement and Acceptance Form**) when applying for Shares (and, Additional Shares, if applicable) under the Entitlement Offer.

### 7. Prospectus availability

Eligible Shareholders will receive a copy of this Prospectus together with an accompanying personalised Entitlement and Acceptance Form. Eligible Shareholders can also obtain a paper copy of this Prospectus (free of charge) by contacting the Company's Company Secretary, Ms Elissa Hansen on 0411 764 556 or the Share Registry on (02) 9290 9600 in each case between 9am and 5pm (Sydney time) during the Entitlement Offer Period.

### 8. Publicly available information

Information about the Company is publicly available and can be obtained from ASIC and ASX (including ASX's website at [www.asx.com.au](http://www.asx.com.au)). The contents of any website or ASIC or ASX filing by the Company is not incorporated into this Prospectus and do not constitute part of the Entitlement Offer. 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. Eligible Shareholders should therefore have regard to the other publicly available information in relation to the Company before making a decision on whether to invest in the Company by applying for Shares (and, Additional Shares, if applicable) under the Entitlement Offer.

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<sup>1</sup> A reference to Shares in this Prospectus includes, where the context requires, a reference to Additional Shares.

## **9. Financial Information**

Section 3.4 sets out the Financial Information referred to in the Prospectus. The basis of preparation of the Financial Information is set out in Section 3.4. All dollar values are in Australian dollars (\$ or A\$), rounded to the nearest \$0.1 million and financial data is presented as at or for the half year ended 31 December 2019 (unless stated otherwise). Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

## **10. Risk factors**

The information contained in this Prospectus is not investment or financial product advice and does not take into account your investment objectives, financial circumstances, tax position or particular needs. This Prospectus should not be construed as financial, taxation, legal or other advice. It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in the Company (i.e. by applying for Shares (and, Additional Shares, if applicable) under Entitlement Offer). There are considerable risks associated with an investment in the Shares and as such an investment in the Shares being offered pursuant to the Entitlement Offer should be regarded as a highly speculative investment.

In particular, you should consider the risk factors that could affect the performance of the Company and other information in this Prospectus. You should carefully consider these risks in the light of your personal circumstances (including your investment objectives, financial circumstances and tax position) and seek professional guidance from your stockbroker, accountant, lawyer or other professional adviser before deciding to apply for Shares (and, Additional Shares, if applicable) under the Entitlement Offer. Some of the key risk factors that should be considered by prospective investors are set out in Section 4. There may be risk factors in addition to the risks in Section 4 that should also be considered in the light of your personal circumstances.

You should also consider the assumptions underlying the Financial Information and the risk factors that could affect the Company's business, financial condition and results of operations. No person named in this Prospectus, nor any other person, warrants or guarantees the performance of the Company or the repayment of capital by the Company or any return on any investment made pursuant to this Prospectus. This Prospectus includes information regarding the past performance of the Company. Prospective investors should be aware that past performance is not indicative of future performance.

## **11. Forward looking statements**

This Prospectus contains forward looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'expects', 'intends', 'considers' and includes statements of current intentions, statements of opinion and predictions as to future events as well as other similar words that involve known or unknown risks and uncertainties. You should be aware that such statements are not statements of fact and as such there can be no certainty of outcome in relation to the matters to which those forward looking statements relate.

Forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause actual events, performance or outcomes to differ materially from the events, performance or outcomes expressed or anticipated in these statements, many of which are beyond the control of the Company and the Directors. Such forward looking statements are based on an assessment of present economic and operating conditions and a number of best estimate assumptions regarding future events and actions that, at the date of the Prospectus, are expected to take place. The forward looking statements should be read in conjunction with, and are qualified by reference to, the risk factors as set out in Section 4 and other information contained in this Prospectus.

The Directors cannot and do 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 Eligible Shareholders are therefore cautioned not to place undue reliance on such forward looking statements. Except where required by law, the Company does not intend to update or revise any forward looking statement, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus.

## 12. Offer restrictions

This Prospectus does not constitute an offer or invitation to apply for Shares (or, Additional Shares, if applicable) in any place in which, or to any person to whom, it would not be lawful to make such offer or invitation. No action has been taken to register or qualify the Shares, the Entitlements or the Entitlement Offer in any jurisdiction other than Australia. The distribution of this Prospectus outside of Australia may be restricted by law and persons who come into possession of this Prospectus outside of Australia should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus has been prepared in accordance with the relevant corporate laws of Australia and may not be distributed to, or relied upon by, any person in the United States. Neither the Shares nor the Entitlements have been, or will be, registered under the United States Securities Act of 1933, as amended (**US Securities Act**), or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of a US person, unless an exemption from the registration requirements of the US Securities Act (and, if applicable, US state securities laws) is available.

## 13. Privacy

By applying for Shares (and, Additional Shares, if applicable) under the Entitlement Offer you are (or may be) providing personal information to the Company through the Share Registry, which is contracted by the Company to manage the Application process. The Company, and the Share Registry on its behalf, may collect, hold and use that personal information in order to process your Application, service your needs as an investor, provide facilities and services that you request and carry out appropriate administration. If you do not provide any information requested by the Share Registry, the Company and the Share Registry may not be able to process or accept your Application.

Your personal information may also be provided to the Company's members, agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy. The members, agents and service providers of the Company may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the register of members;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Company's issued securities and for associated actions.

The information contained in the Company's register of members must remain there even if a person ceases to be a Shareholder. Information contained in the Company's register of members is also used to facilitate dividend payments (if applicable) and corporate communications (including financial results, annual reports and other information that the Company may wish to communicate to its Shareholders) and compliance by the Company with legal and regulatory requirements. An Applicant has the right to access and correct the information that the Company and the Share Registry hold about that person, subject to certain exemptions under law.

## 14. Representations

No person is authorised to give any information or to make any representation in relation to the Entitlement Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied upon as having been authorised by the Company or the Company's directors (**Directors**) in relation to the Entitlement Offer.

## 15. Interpretation

Unless otherwise defined in the body of this Prospectus, capitalised terms used in this Prospectus have the meanings given to them in Section 7. All references to time in this Prospectus relate to the time in Sydney, New South Wales.

## Key Entitlement Offer information

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### Indicative timetable

Event	Date
Prospectus lodged with ASIC	Monday, 30 March 2020
“Ex” date (i.e. the date from which existing Shares no longer carry an Entitlement)	Wednesday, 1 April 2020
Record date for the Entitlement Offer ( <b>Record Date</b> )	7pm on Thursday, 2 April 2020
Mailing of the Prospectus (and Entitlement and Acceptance Form) completed	Monday, 6 April 2020
Entitlement Offer Opening Date	Tuesday, 7 April 2020
Entitlement Offer Closing Date	5pm on Friday, 24 April 2020
Announcement of the results of the Entitlement Offer	Wednesday, 29 April 2020
Entitlement Offer Issue Date	Friday, 1 May 2020
Despatch of holding statements in relation to all new Shares issued under the Entitlement Offer	Tuesday, 5 May 2020

#### Notes:

1. The dates referred to above are indicative only and may change. The Company (with the consent of the Underwriter) reserves the right to vary the date of the Entitlement Offer, including, subject to the ASX Listing Rules, the Corporations Act and other applicable laws, to extend the Entitlement Offer, to accept late Applications (either generally or in particular circumstances) or to withdraw the Entitlement Offer before completion of the Entitlement Offer without notice.
2. If the Entitlement Offer is withdrawn before the issue of the Shares the subject of Entitlement Offer, all Application Monies received in respect of the Entitlement Offer will be refunded in full (without interest) as soon as practical in accordance with the requirements of the Corporations Act. No cooling-off rights apply to the Entitlement Offer.
3. The actual date for the commencement of Quotation of the new Shares issued on the Issue Date (as well as the reinstatement of the Company’s existing Shares to Official Quotation) is subject to confirmation from ASX.
4. The period from the Entitlement Offer Opening Date to the Entitlement Offer Closing Date (inclusive) is referred to in this Prospectus as the **Entitlement Offer Period**.

## Key Entitlement Offer statistics

Item	Detail
Issue Price	\$0.07 per Share
Discount to 15-day VWAP <sup>1</sup>	78%
Discount to TERP <sup>2</sup>	38%
Number of Shares offered under the Entitlement Offer	Up to 54,518,799
Gross proceeds of the Entitlement Offer <sup>3</sup>	Up to approximately \$3.82 million
Proportion of the Entitlement Offer that is underwritten <sup>4</sup>	50% (equivalent to 27,259,399 Shares)
Shares currently Quoted on ASX <sup>5</sup>	31,839,025
Shares currently subject to ASX-imposed Escrow	22,679,774
Total number of Shares on issue	54,518,799
Maximum number of Shares on issue on completion of the Entitlement Offer	109,037,598
Maximum number of Shares to be Quoted on completion of the Entitlement Offer	86,357,824
Total number of Options in existence <sup>6</sup>	7,780,902

### Notes:

- The 15-day **VWAP** is the “volume weighted average price” of Shares calculated over the 15 immediately preceding days in which trades were recorded prior to the imposition of the trading halt in the Company’s existing Shares.
- The **TERP** is the “theoretical ex-rights price” of Shares and is the theoretical price at which the Company’s existing Shares should trade immediately after the “ex” date for the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which Shares trade on ASX after the “ex” date for the Entitlement Offer will depend on a number of factors and may not necessarily be equal to the TERP.
- The Company is seeking gross proceeds of up to approximately \$3.82 million under the Entitlement Offer. However, as the Offer is only partially underwritten by the Underwriter, there is no guarantee that the Company will be able to raise the total amount sought.
- The Entitlement Offer is half (i.e. 50%) underwritten meaning that the Company expects (subject to the Underwriting Agreement remaining in full force and effect until the Issue Date) to raise at least approximately \$1.91 million (**Underwritten Amount**) by issuing at least 27,259,399 Shares at the Issue Price.
- 31,839,025 of the Company’s 54,518,799 Shares are Quoted (with the balance of 22,679,774 subject to ASX-imposed escrow until 17 October 2020). On conclusion of the ASX-imposed escrow period, the Company will apply for Quotation of these 22,679,774 Shares.
- The Company has also granted a total of 7,780,902 unquoted options (each, an **Option**) to certain key executives, employees, and previous advisers. These options are convertible into new Shares at various exercise prices and have a range of expiry dates. 3,700,000 of these Options are also subject to ASX-imposed escrow. Up to 10,000,000 Underwriter Options may also be granted by the Company to the Underwriter on completion of the Entitlement Offer<sup>2</sup>.

<sup>2</sup> See Section 5.6 for further detail.

Many of the figures in the above table assume that the Entitlement Offer is fully subscribed. However, if the Company only raises the Underwritten Amount, certain of the above noted figures will be reduced accordingly. For example, if only the Underwritten Amount is raised, the Company will issue 27,259,399 new Shares (instead of 54,518,799), resulting in a proportionately lower figure for the maximum number of Shares on issue on completion of the Entitlement Offer (which will be 81,778,198 (rather than 109,037,598)) as well as a proportionately lower figure for the maximum number of Shares that will be Quoted on completion of the Offer (which will be 59,098,424 (rather than 86,357,824)).

See Section 3.5 for further detail.



## Chairman's letter

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Dear Shareholder

On behalf of the Directors of Identitii Limited (**Company**), I am pleased to be able to invite you to participate in this partially underwritten Entitlement Offer of new Shares in the Company. This non-renounceable pro rata Entitlement Offer entitles all Eligible Shareholders to acquire, at the Issue Price<sup>3</sup> of \$0.07 per Share, 1 new Share for each Share held as at the Record Date subject to the terms of the Entitlement Offer outlined in this Prospectus<sup>4</sup>.

The Entitlement Offer comes after a difficult time for your Company which has led to major cost cutting initiatives being implemented across the Company along with significant changes being made to the Company's executive management team and board of Directors (further details of which were set out in the Company's announcement to ASX dated 20 March 2020) to seek to ensure that the Company is appropriately positioned to deliver on its strategic and operational imperatives.

I would also like to comment on the unprecedented times we find ourselves in and assure you that Identitii is well positioned to endure the current turmoil. Looking forward, the pressure from regulators to have information move with money isn't going away. Financial institutions must continue to meet regulatory deadlines and reporting obligations even in times of crisis. The current situation is causing these institutions to delay important upgrade projects such as the adoption of ISO 20022 and AUSTRAC reporting while they examine costs and how to shore up their business for the future. Identitii's ability to help them deliver these projects quickly and without major upgrades to existing technology systems makes us an attractive, cost effective option to help them deliver on their obligations, once the crisis is over.

From an internal perspective, the Identitii team has responded quickly and well to the changes enacted under our business continuity plan. All of our projects continue to be delivered as normal and we have seen increased effort by the staff to ensure our client service, internal development and sales activities all move ahead as scheduled.

The gross proceeds raised under the Entitlement Offer, expected to be between approximately \$1.91 million (**Underwritten Amount**) and \$3.82 million (which amount assumes that all Eligible Shareholders take up their full Entitlement) will be used by the Company for:

- sales (pre-sales and delivery);
- marketing (including CorDapp trial);
- continued product development;
- corporate operating expenses; and
- to pay the costs of the Offer.

### **Underwriting, sub-underwriting & related arrangements**

Gleneagle Securities (Aust) Pty Ltd (**Underwriter**) is underwriting the Entitlement Offer up to the Underwritten Amount.

In addition to being partially underwritten by the Underwriter, existing substantial Shareholder of the Company KTM Ventures Innovation Fund L.P. (**KTM Ventures**<sup>5</sup>) has entered into a sub-underwriting agreement with the Underwriter pursuant to which KTM Ventures is obliged to subscribe for up to approximately \$1.34 million of any shortfall which may arise on completion of the Entitlement Offer from Eligible Shareholders who do not take up their Entitlement in full (**Shortfall**)<sup>6</sup>.

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<sup>3</sup> The Issue Price of \$0.07 per Share represents a 78% discount to the 15-day VWAP and a 38% discount to the TERP.

<sup>4</sup> Eligible Shareholders may also apply for Additional Shares in excess of their Entitlement.

<sup>5</sup> The Company's former director Mr Martin Rogers (who resigned from the Company's board of Directors on 8 October 2019) is a director and substantial shareholder in KTM Ventures. KTM Ventures (when considered together with its affiliate entity KTM Ventures Co-Investment Services Pty Ltd (**KTM Ventures CIS**)) has a relevant interest in 3,850,959 (equivalent to 7.06%) of the Company's Shares. KTM Ventures' commitment to subscribe for up to approximately \$1.34 million worth of any Shortfall is not reduced or offset by the value of KTM Ventures' application for new Shares (if any) pursuant to its Entitlement.

<sup>6</sup> The Company intends to allocate any Shortfall that may arise on completion of the Entitlement Offer as follows: (i) firstly, pro rata to Eligible Shareholders who apply for Additional Shares, (ii) secondly, to Exempt Investors who are introduced to the Company by the Underwriter during the Entitlement Offer Period and who apply for new Shares out of any Shortfall and (iii) thirdly, to the sub-underwriters of the Entitlement Offer in proportion to the size of those sub-underwriters' commitment.

Although there can be no guarantee, the Company understands that both 275 Invest 2 Pty Ltd (**275 Invest**) as trustee for the 275 Investment Trust (an entity which I, the Company's Co-Founder and Chairman, am a beneficiary of) (**Trust**)<sup>7</sup> and KTM Ventures intend to take up their respective Entitlements in full<sup>8</sup>.

See Section 5.6 for further detail.

### Details of your Entitlement

As an Eligible Shareholder, you are entitled to subscribe for 1 new Share for each Share held at 7pm (Sydney time) on the Record Date of Thursday, 2 April 2020 at the Issue Price.

Entitlements are non-renounceable and as such will not be able to be traded on ASX or any other financial market or otherwise transferrable.

Shareholders who do not take up their Entitlements in full (or at all) will not receive any value in respect of their Entitlements that they do not take up.

Under the Entitlement Offer, Eligible Shareholders may also apply for Shares in excess of their Entitlement (**Additional Shares**). The allocation of Additional Shares and any scale back will be subject to the availability of Additional Shares and in the Company's absolute discretion<sup>9</sup>.

See Section 2.4 and 2.6 for further detail.

### Taking up your Entitlement

The Entitlement Offer is open to all Eligible Shareholders. See Section 2.4 for the meaning of an "Eligible Shareholder".

If they wish to do so, Eligible Shareholders may apply for Shares under the Entitlement Offer by:

- completing and returning their personalised Entitlement and Acceptance Form (together with a cheque or bank draft for the complete amount of their Application Monies) to the Share Registry in accordance with the instructions set out on their personalised Entitlement and Acceptance Form; or
- paying the complete amount of their Application Monies via BPAY® utilising the Biller Code and Customer Reference Number (**CRN**) shown on the front of their personalised Entitlement and Acceptance Form.

Eligible Shareholders who provide their Application Monies via BPAY® do not need to complete and return their Entitlement and Acceptance Form to the Share Registry.

The Company will treat you as applying for as many Shares as your Application Monies will pay for in full up to your full Entitlement and, in respect of any amounts received by the Company in excess of the value of your full Entitlement (**Excess Amount**), may treat your Application as applying for as many Additional Shares as your Excess Amount will pay for in full, subject to any scale back that the Company may decide to implement in its absolute discretion in respect of Additional Shares.

See Section 2.7 for further detail.

### Further information

Further information in relation to the Entitlement Offer and the Company's business is detailed in this Prospectus. You should read the entirety of this Prospectus carefully before deciding whether to participate in the Entitlement Offer. An investment in the Company is highly speculative and subject to a range of risks (many of which are outside of the control of the Company) which are more fully detailed in Section 4.

Key risks include the risk that the Company will not be able to access further funding on acceptable terms (or at all), the risk that the Company will be unable to attract new (or retain existing) customers, the risk that the Company will be unable to retain key staff and other risks related to the operating and regulatory environment in which the Company operates.

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<sup>7</sup> Because Mr Armstrong is a director of 275 Invest and is a beneficiary of the 275 Investment Trust, Mr Armstrong has a Relevant Interest in a total of 9,478,340 (equivalent to 17.39%) of the Company's Shares.

<sup>8</sup> 275 Invest's intention to apply for its Entitlement in full is dependent to its ability to procure external debt financing. Shareholders should note that there is no guarantee that 275 Invest will be able to procure sufficient third-party financing to enable 275 Invest to apply for its Entitlement in full on suitable terms (or at all).

<sup>9</sup> Please also note that Additional Shares will only be allocated to an Eligible Shareholder who applies for more than their Entitlement if there are sufficient Shares from Eligible Shareholders who do not take up their full Entitlement or from Shares that would have been offered to Ineligible Shareholders had they been eligible to participate in the Entitlement Offer.

If you would like further information regarding the Entitlement Offer please call the Company's Company Secretary on 0411 764 556 or the Share Registry on (02) 9290 9600 in each case between 9am and 5pm (Sydney time) during the Entitlement Offer Period.

If you have any doubt about whether you should invest in the Entitlement Offer you should seek professional advice before making any investment decision. Please note that no cooling-off period applies in relation to the Entitlement Offer (meaning that you cannot withdraw your Application once it has been accepted).

On behalf of the Directors and management team of your Company, I invite you to consider this investment opportunity and thank you kindly for your ongoing support.

Yours sincerely

A handwritten signature in blue ink, consisting of a stylized, cursive 'N' followed by a long horizontal stroke that tapers to the right.

**Nick Armstrong**  
**Chairman and Co-Founder**

# 1 Investment and Company overview

The purpose of this Section is to give Eligible Shareholders an investment overview that seeks to help them make an informed investment decision by highlighting key Company and Entitlement Offer related information. This Section constitutes an overview of the Company and its business and is not intended to replace the other Sections of this Prospectus which Eligible Shareholders should read in full.

Topic	Summary	For more information
<b>The Company and its business</b>		
Who is the issuer of the Shares the subject of the Entitlement Offer?	Identitii Limited ACN 603 107 044	N/A
What is the Company's business and product offering?	<p>Identitii is an Australian financial technology (<b>FinTech</b>) and regulatory technology (<b>RegTech</b>) company based in Sydney, NSW. It provides enterprise software products and services to the financial services industry.</p> <p>Identitii's technology connects financial institutions, businesses and regulators to the information they need to process, reconcile and report on financial transactions. The problem Identitii seeks to solve is that while money moves around the global financial system, the information needed to process these transactions must travel separately, often over unsecure channels like email or fax. Because detailed data and documents can't travel with funds across legacy systems, buyers, banks and regulators are in the dark or spend hours chasing the information they need to onboard customers or reconcile and report on payments.</p> <p>The Company's Overlay+ platform enhances a customer's existing technology systems, overlaying them with a digital platform that uses tokenisation to create a single source of shared "truth" for each and every transaction, ensuring the information that is needed is accurate and available when it is needed. The benefits it provides customers include:</p> <ul style="list-style-type: none"> <li>• improved data security as information moves within companies and between organisations;</li> <li>• a single view of information that until now, has been difficult to identify, collect, share and store, reducing the amount of time and money spent finding data;</li> <li>• significantly reduced operational costs, due to reduced manual processing and improved automation;</li> <li>• the ability to continue using existing technology systems, but with new, digital features and functionality that is brought to market quickly and enables them to improve customer experience and remain competitive. Identitii's overlay approach to existing systems is a key competitive differentiator, as replacing legacy systems is a</li> </ul>	N/A

Topic	Summary	For more information
	<p>multi-million dollar (and potentially, multi-year) exercise; and</p> <ul style="list-style-type: none"> <li>improved regulatory compliance, reducing the risk of reputational damage or large fines, that are the result of non-compliance.</li> </ul> <p>Identitii's objective is to continue to commercialise its product, Overlay+, in the financial services industry with the goal of building a global network for information using Corda, R3's distributed ledger technology. This connected ecosystem for information will enable the secure, trusted and auditable exchange of detailed information over any financial network.</p> <p>Overlay+ can be deployed within a single institution, or as a distributed application that enables the secure exchange of information in a permissioned, private and auditable way.</p> <p>Identitii is currently focused on solving 3 core use cases with Overlay+:</p> <ol style="list-style-type: none"> <li>ISO20022 (Structured) information sharing &amp; reconciliation;</li> <li>Regulatory Reporting, including to AUSTRAC; and</li> <li>management of counterparty assurance activities.</li> </ol> <p>The Company may develop new use cases for Overlay+ in the future based on customer feedback.</p>	
What market does the Company compete in?	<p>Identitii operates within the FinTech and RegTech sectors of the financial services industry. The rapid growth in FinTech has transformed the industry and has had significant implications for financial institutions and how they operate.</p> <p>Identitii's competitors are predominantly other technology companies and emerging financial networks that provide rich information exchange capabilities. It also competes with technology teams within financial institutions that are trying to build their own solutions.</p> <p>Key drivers of both competition and market share between such providers mainly include:</p> <ol style="list-style-type: none"> <li>ability to establish or leverage a network of institutions for information exchange;</li> <li>use of technology to ensure privacy and regulatory compliance;</li> <li>the speed at which they can bring new features and products to market; and</li> <li>cost.</li> </ol>	N/A
Who are the Company's target customers?	Identitii's addressable markets are financial institutions, regulators and businesses located throughout the world. Key customer targets are members of both the SWIFT and R3 networks, which number around 11,500.	N/A

Topic	Summary	For more information
	<p>The profile of Identitii's target financial institution customers are financial institutions involved in the sale of products and services to medium to large businesses, and who process medium to high volumes of cross-border payments.</p> <p>The profile of Identitii's target regulator customers are regulators like AUSTRAC in Australia, who are tasked with monitoring suspicious transactions such as funds transfers that cross jurisdictional borders, or those that are flagged as potentially involved in money laundering, fraud or terrorist financing.</p>	
<p>What is the Company's strategy and how does it plan to generate revenue?</p>	<p>Identitii's go-to-market (<b>GTM</b>) strategy focuses on both direct and indirect revenue generation.</p> <p><b>Direct GTM strategy:</b></p> <ul style="list-style-type: none"> <li>Identitii is marketing directly to key customer personas within target organisations and is pursuing numerous sales opportunities through this approach. Direct sales involve Identitii identifying, engaging and selling to the financial institutions and regulators that are Identitii customers.</li> </ul> <p><b>Indirect GTM strategy:</b></p> <ul style="list-style-type: none"> <li>Identitii has established a strong partner program, designed to expand its geographic and organisational reach. An indirect approach involves identifying and training strategic partners, such as Microsoft, Symphony and R3, or large consulting or system integrator firms, to market and sell Identitii's technology on its behalf. These partners sell Identitii's technology to their existing customer base and help Identitii scale quickly.</li> </ul> <p>Identitii's objective is to continue to commercialise its product, Overlay+, and to generate revenue in the following two (2) ways:</p> <ol style="list-style-type: none"> <li><b>licensing:</b> Identitii's software is available under either a term licence (e.g. for a term of 3 years) or a perpetual licence. The licence fee includes ongoing releases, "bug" fixes, support and maintenance. There is also a volume-based component to Identitii's pricing model where Overlay+ is connected into the Corda Network; and</li> <li><b>supply of professional services:</b> Identitii provides consulting services relating to the customisation, installation, training and business case preparation of its software. This is charged on a time and materials basis and is typically one-off.</li> </ol> <p>Identitii's major costs relate to sales and marketing, corporate operating expenses, research and development and continued product development.</p>	<p>N/A</p>

Topic	Summary	For more information
What are the Company's latest operational developments?	<p>As disclosed in Identitii's Appendix 4C, which was given to ASX on 31 January 2020, Identitii reported cash receipts from customers of \$0.256 million, reflecting 44% quarter-on-quarter growth from the preceding quarter.</p> <p>Identitii has also been advancing multiple commercial opportunities, including:</p> <ul style="list-style-type: none"> <li>• completion of the pilot with United Kingdom-based multinational bank Standard Chartered;</li> <li>• strong interest from multiple global banks to participate in Identitii's ISO 20022 CorDapp trial;</li> <li>• second licence sale to HSBC Australia, which is progressing well and is expected to finish by the end of the financial year, as planned;</li> <li>• strong interest in Identitii's Overlay+ Reporting solution following AUSTRAC's legal action against an Australian bank for alleged regulatory reporting breaches; and</li> <li>• testing of the ACCC's Consumer Data Right ecosystem is progressing well.</li> </ul>	N/A
Is the Company currently generating revenue? If so, how much?	<p>As set out in Identitii's financial statements for the half year ended 31 December 2019, given to ASX on Friday, 21 February 2020, Identitii reported total consolidated revenue and other income of \$1.07 million consisting of \$0.41 million of customer revenue, \$0.64 million from the R&amp;D tax incentive grant and \$0.01 million of interest income.</p> <p>For the full financial year ending 30 June 2019, total revenue and other income was \$2.05 million consisting of \$0.64 million of customer revenue, \$1.18 million from the R&amp;D tax incentive grant, \$0.17 million in government grants and \$0.05 million of interest income.</p>	N/A
What are the Company's near term objectives?	<p>The primary near-term objective of the Company is to grow revenue by commercialising the 3 key use cases for Overlay+, which are:</p> <ol style="list-style-type: none"> <li>1. ISO20022 (Structured) information sharing &amp; reconciliation;</li> <li>2. Regulatory Reporting; and</li> <li>3. counterparty assurance.</li> </ol> <p>In addition, the Company is further developing its partner program to provide a scalable platform for potential global growth. The partner program includes:</p> <ol style="list-style-type: none"> <li>1. consulting/system integrators;</li> <li>2. technology integrations (e.g. Trace Financial and Symphony Communications); and</li> <li>3. channel partners (e.g. Microsoft and R3).</li> </ol>	N/A

Topic	Summary	For more information
	<p>The Company has announced a multi-bank CorDapp trial to launch in 2020 in partnership with R3, with the intention of building a global multi-bank information sharing network to support the global financial market's migration to ISO 20022. This represents a low-cost channel to market for the Company, and greatly expands its global reach into R3's membership based of financial institutions.</p> <p>The Company will continue to develop its capital strategy by engaging with potential strategic investors and has a focused investor relations program which will run throughout 2020. As global open banking regulations develop, the Company will continue to explore opportunities as and when they present themselves.</p>	
<p>How much debt/liabilities does the Company have as at 31 December 2019?</p>	<p>As at 31 December 2019, the Company had liabilities of \$1,530,930. This balance is comprised of trade and other payables of \$393,719, employee provisions of \$477,735, and lease liabilities of \$659,476. In addition, Eligible Shareholders should also be aware that a number of transactions have occurred after 31 December 2019 which have not been reflected in the above noted figures or in the Pro Forma Balance Sheet. These transactions are:</p> <ol style="list-style-type: none"> <li>1. on 17 March 2020, KTM Ventures lent the Company \$150,000 (<b>KTM Loan</b>);</li> <li>2. on 17 March 2020, Mr John Rayment (the Company's recently appointed CEO and MD) lent the Company \$100,000 (<b>CEO Loan</b>); and</li> <li>3. on 30 March 2020, Radium Capital Pty Ltd agreed to lend the Company \$600,000 (on ordinary commercial terms) (<b>Radium Loan</b>).</li> </ol> <p>The funds lent (or to be lent) under the KTM Loan, the CEO Loan and the Radium Loan will be used by the Company for general working capital purposes.</p>	<p>Section 5.11</p>
<p>How does the Company intend to repay the KTM Loan, the CEO Loan and the Radium Loan?</p>	<p><b>KTM Loan:</b></p> <p>To the extent that there is sufficient Shortfall under the Entitlement Offer, it is proposed that the Company's obligation to repay the KTM Loan will be offset against a portion of KTM Ventures' total approximately \$1.34 million sub-underwriting commitment under the Entitlement Offer. If there is insufficient Shortfall on completion of the Entitlement Offer to enable the KTM Loan to be offset against a proportion of KTM Ventures' total sub-underwriting commitment, the Company will seek Shareholder approval to issue KTM Ventures with such number of new Shares at the Issue Price of \$0.07 per Share as is required to extinguish the Company's repayment obligation under the KTM Loan. If Shareholder approval is not obtained by the Company, the Company will repay the outstanding balance on the KTM Loan in cash using part of the gross proceeds raised under the Entitlement Offer.</p>	<p>Section 5.11</p>



Topic	Summary	For more information
	<p><b>CEO Loan:</b></p> <p>Rather than repaying the CEO Loan in cash, the Company intends, within 2 months of the completion of the Entitlement Offer, to seek Shareholder approval to issue Mr Rayment with such number of new Shares at the Issue Price of \$0.07 per Share as is required to extinguish the Company's repayment obligation under the CEO Loan. If approval is not granted at the proposed general meeting, the Company will repay the CEO Loan in cash using part of the gross proceeds raised under the Entitlement Offer.</p> <p><b>Radium Loan:</b></p> <p>The Radium Loan will be repaid by the Company on receipt of and will be secured against the R&amp;D Refund.</p>	
Where can Eligible Shareholders find out more about the Company?	Further information about the Company can be found on the Company's website ( <a href="http://www.identitii.com">www.identitii.com</a> ) or by reviewing the Company's periodic and continuous disclosures given to ASX and which are available on ASX's website ( <a href="http://www.asx.com.au">www.asx.com.au</a> ).	N/A
What is Corda?	<p>Corda is an open source blockchain platform that enables businesses to transact directly and in strict privacy using smart contracts, reducing transaction and record-keeping costs and streamlining business operations. In a world of permission-less blockchain platforms, in which all data is shared with all parties, Corda's strict privacy model allows businesses to transact securely and seamlessly.</p> <p>R3 delivers two (2) interoperable and fully compatible distributions of the Corda platform – "Corda", a free download based on the code and "Corda Enterprise", a commercial version which offers features and services fine-tuned for modern-day businesses.</p>	N/A
What is the Corda Network?	The Corda Network is a distributed ledger based ecosystem of Corda nodes operated by network participants. Each node is identified by a certificate issued by the network's identity manager service and will also be identifiable on a network map.	N/A
Who is R3?	R3 Limited ( <b>R3</b> ) is an enterprise blockchain software firm working with a broad ecosystem of more than 300 participants across multiple industries from both the private and public sectors to develop blockchain applications on Corda, an open-source blockchain platform, and Corda Enterprise, a commercial version of Corda for enterprise usage.	N/A
What is the Company's intellectual property	The Company has a Patent Application in various stages of examination in key markets which the Company intends to operate in, including Europe, Hong Kong, Australia, India, Singapore, Canada and the USA. This Patent Application has been cited as prior art in several more recently filed patent applications.	Section 4.2

Topic	Summary	For more information
<b>The Entitlement Offer</b>		
What is the Entitlement Offer?	<p>The Entitlement Offer is a non-renounceable pro rata offer of new fully paid ordinary shares in the Company at the Issue Price.</p> <p>Under the Entitlement Offer, Eligible Shareholders are being given an Entitlement to acquire 1 Share for each Share held on the Record Date.</p>	Section 2
What is the Issue Price?	The Issue Price for new Shares (and Additional Shares, if applicable) being offered under the Entitlement Offer is \$0.07 per Share.	Section 2
When is the Record Date?	The Record Date for the Entitlement Offer is 7pm (Sydney time) on Thursday, 2 April 2020.	Section 2
How much is the Company seeking to raise under the Entitlement Offer?	The Company is seeking gross proceeds of up to approximately \$3.82 million under the Entitlement Offer.	Section 3.2
What will the proceeds of the Entitlement Offer be used for?	<p>The Company will use the funds raised under the Offer for the following purposes:</p> <ul style="list-style-type: none"> <li>• sales (pre-sales and delivery);</li> <li>• marketing (including CorDapp trial);</li> <li>• continued product development;</li> <li>• corporate operating expenses; and</li> <li>• to pay the costs of the Entitlement Offer.</li> </ul>	Section 3.2
Am I an Eligible Shareholder?	<p>An Eligible Shareholder is a person who (in accordance with the records of the Share Registry):</p> <ul style="list-style-type: none"> <li>• is registered, as at 7pm (Sydney time) on the Record Date, as a holder of Shares; and</li> <li>• has a registered address in Australia.</li> </ul> <p>Accordingly, if you satisfy the above noted criteria then you are an <b>Eligible Shareholder</b>.</p>	Section 2.2
What is my Entitlement?	Your Entitlement is the right granted to you under the Entitlement Offer to acquire 1 Share at the Issue Price for each Share that you hold as at 7pm (Sydney time) on the Record Date. Your Entitlement will be noted on your personalised Entitlement and Acceptance Form.	Section 2.4
What can I do with my Entitlement?	<p>As an Eligible Shareholder, you may, either:</p> <ul style="list-style-type: none"> <li>• take up all or part of your Entitlement (i.e. acquire up to 1 new Share at the Issue Price for each Share held as at the Record Date); or</li> <li>• do nothing, in which case your Entitlement will lapse and you will receive no value for those lapsed Entitlements.</li> </ul>	Section 2.4 and 2.6

Topic	Summary	For more information
Can I apply for new Shares in excess of my Entitlement?	Yes. Eligible Shareholders may apply for Shares in excess of their Entitlement. Additional Shares will only be allocated to you if there is a sufficient shortfall from Eligible Shareholders who do not take up their Entitlement in full or from Shares that would have been offered to Ineligible Shareholders had they been Eligible Shareholders.	Section 2.4 and 2.6
Is the Entitlement Offer underwritten?	The Entitlement Offer is underwritten by the Underwriter up to the Underwritten Amount of approximately \$1.91 million.	Section 5.6
Who is the Underwriter?	The Entitlement Offer is being managed and partially underwritten by Gleneagle Securities (Aust) Pty Ltd ACN 136 930 526 ( <b>Underwriter</b> ).	Section 5.6
How do Eligible Shareholders apply for Shares under the Entitlement Offer?	<p>Eligible Shareholders may apply for Shares (and Additional Shares, if applicable) by:</p> <ul style="list-style-type: none"> <li>• completing and returning their personalised Entitlement and Acceptance Form (together with a cheque or bank draft for the complete amount of their Application Monies) to the Share Registry in accordance with the instructions on that form; or</li> <li>• paying the complete amount of their Application Monies via BPAY® utilising the Biller Code and CRN shown on the front of their personalised Entitlement and Acceptance Form.</li> </ul> <p>Eligible Shareholders who provide their Application Monies via BPAY® do not need to complete and return their Entitlement and Acceptance Form.</p>	Section 2.4
What are the rights and liabilities attaching to the Shares?	The Shares being offered under the Prospectus are in the same class and will rank equally in all respects with the Shares on issue from the Issue Date.	Section 5.5
What is the expected effect of the Entitlement Offer on the Company?	<p>The effect of the Entitlement Offer on the financial position of the Company is detailed in Section 3.4.</p> <p>The impact of the Entitlement Offer the Company's capital structure is set out in Section 3.5.</p> <p>The Entitlement Offer is not expected to have a material effect on the control of the Company.</p>	Section 3
What does the Company propose to do with any Shortfall?	<p>The Directors of the Company also reserve the right to place the Shares the subject of any Shortfall to Exempt Investors within 3 months of the Closing Date. The issue price for any Shares issued under any such placement will be no less than the Issue Price.</p> <p>Under the terms of the Underwriting Agreement, the Underwriter has agreed to use "reasonable endeavours" to find suitable places to whom to the Company may place the Shortfall within 3 months of the Closing Date.</p>	Section 2.18

Topic	Summary	For more information
	<p>The Underwriter will consult with the Company in relation to the identity of the placees under any such Shortfall placement having regard to the proposed placees' investment objectives, investment horizon and risk appetite.</p> <p>Related Parties of the Company (and any Associates of any Related Parties of the Company) will not be entitled to participate in the placement of any Shortfall unless Shareholder approval is obtained.</p>	
<b>Summary of the key risks</b>		
<p>What are the key risks associated with an investment in the Company?</p>	<ul style="list-style-type: none"> <li>• <b>Sufficiency of funding:</b> At the date of this Prospectus, Identitii is not cash flow positive, meaning that Identitii is reliant on raising additional funds in order to continue its operations. While the Directors consider that Identitii will, on completion of the Entitlement Offer (assuming that the Company raises the full amount sought under the Entitlement Offer (i.e. of approximately \$3.82 million)), have sufficient funds to carry out its stated objectives for the next 12 months, there can be no assurance that such objectives can be met without further funding. In the event that the Company only raises the Underwritten Amount however (i.e. of approximately \$1.91 million), the Company expects that it will likely need to raise further capital before the end of CY2020.</li> <li>• <b>Limited financial resources:</b> Identitii has limited financial resources and may need to raise additional funds from time to time to finance the development and commercialisation of its products and services and meet its other longer term objectives. Identitii may never achieve profitability and its ability to raise additional funds will be subject to, among other things, factors beyond its control. The Directors can give no assurance that future funds can be raised by Identitii on favourable terms, if at all.</li> <li>• <b>Failure to attract new customers:</b> Identitii may fail to attract new customers for any number of reasons, such as the failure to meet customer expectations or requirements, poor customer service, pricing or competition. Identitii's ability to retain and renew existing contracts and win new contracts may also be impacted by broader external factors including a slowdown in economic activity, changes to law or changes to regulation. If Identitii fails to retain its existing customers, attract further business from those customers and attract new customers, Identitii's future operating and financial performance may be adversely affected and its reputation may be damaged.</li> <li>• <b>Competition:</b> The business of providing enterprise software for the financial services industry in order to solve challenges for</li> </ul>	<p>Section 4</p>

Topic	Summary	For more information
	<p>international wire transfers is highly competitive and includes companies with significantly greater financial, technical, human, research and development and marketing resources than Identitii. Identitii's competitors may discover and develop products in advance of Identitii and/or products that are more effective than those developed by Identitii. As a consequence, Identitii's current and future products may become obsolete or uncompetitive resulting in adverse effects on revenue, margins and profitability.</p> <ul style="list-style-type: none"> <li>• <b>Product disruption:</b> The rapid pace of innovation and development within the industry, together with the high number of competitors mean that there is no guarantee Identitii's products will be effective or economic. There is a risk that any of Identitii's competitors' products, services or offerings may render Identitii's products, services or offerings obsolete or uncompetitive.</li> <li>• <b>Inability to retain key staff:</b> Identitii currently employs a number of key management personnel and Identitii's future depends on retaining appropriately qualified and experienced personnel. The loss of any of these employee's services could materially and adversely affect Identitii and may impede the achievement of its product development and commercialisation objectives. Furthermore, the successful development of Identitii's core product will likely require the services of additional staff. There can be no assurance that Identitii will be able to attract appropriately qualified and experienced additional staff and this may adversely affect Identitii's prospects of success.</li> <li>• <b>Regulatory risk:</b> Identitii operates its business within a complex regulatory environment. In particular, its products encompass regulatory areas such as Know Your Customer (KYC), Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF) which are contained within a number of federal and state-based regulations in Australia, as well as requirements in other foreign jurisdictions in which it operates. Those laws and regulations are complex, can change frequently, and have tended to become more stringent over time and subject to judicial interpretation. Changes in these laws and regulations (including interpretation and enforcement) could adversely affect Identitii's financial performance.</li> <li>• <b>Security breach risk:</b> An intruder might conceivably breach Identitii's network, compromising the products developed by Identitii, integrity or availability of the Identitii service resulting in loss of customers and damage to the Identitii brand and reputation.</li> </ul>	

Topic	Summary	For more information
	<ul style="list-style-type: none"> <li>• <b>Material contract risk:</b> There are a number of existing contracts which are material to Identitii's business. Further contracts will likely be entered into by Identitii which will also be material to its business. Many of these contracts are, or will be, governed by laws other than laws of Australia. There may be difficulties in enforcing contracts in jurisdictions other than Australia. There may be regulatory or practical considerations which frustrate the enforceability, or enforcement, of such contracts against foreign or foreign-owned counterparties. These matters may have a significant adverse effect on Identitii's ability to enforce its contracts and may have a significant adverse effect more generally on the Company's business and profitability.</li> <li>• <b>Going concern risk:</b> Identitii's audit for FY19 contains a note emphasising uncertainty around Identitii's ability to continue as a "going concern" in the event Identitii is unable to secure sufficient funding from a capital raising. Notwithstanding the "going concern" note, the Directors believe that there are reasonable grounds to believe that Identitii will be able to continue as a going concern. However, in the event that the Entitlement Offer is not completed successfully or is delayed, there is significant uncertainty as to whether Identitii can meet its commitments to its creditors and continue as a going concern, which is likely to have a material adverse effect on Identitii's activities.</li> </ul> <p>The above factors, and others not specifically referred to in this Prospectus may in the future materially affect the financial condition or prospects of the Company and therefore the value of the Shares being offered under the Entitlement Offer and pursuant to this Prospectus. The Shares being offered under this Prospectus carry no guarantee with respect to their value or price.</p>	
<b>Miscellaneous</b>		
What are the significant interests and benefits payable to Directors and other persons connected with the Entitlement Offer?	Detailed information in this regard is set out in Section 5.9 and Section 5.12 of this Prospectus.	Section 5.9 and 5.12

## 2 Details of the Entitlement Offer

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### 2.1 The Entitlement Offer

Eligible Shareholders are being offered the opportunity to apply for 1 new Share for each Share held at 7pm (Sydney time) on the Record Date of Thursday, 2 April 2020 at the Issue Price of \$0.07 per Share<sup>10</sup>.

You should note that not all of the Company's Shareholders will be eligible to participate in the Entitlement Offer. Please read Section 2.2 for detail in relation to the eligibility criteria applicable to the Entitlement Offer.

New Shares will rank equally in all respects with existing Shares from the Issue Date and are, subject to written confirmation from ASX, expected to be Quoted on a normal ("T+2") settlement basis from the commencement of trading on the Trading Day immediately following the Issue Date.

### 2.2 Eligible Shareholders

An "**Eligible Shareholder**" is a person who (in accordance with the records of the Share Registry):

- is registered, as at 7pm (Sydney time) on the Record Date, as a holder of Shares; and
- has a registered address in Australia.

Accordingly, if a Shareholder does not satisfy the above noted criteria then they are not an "Eligible Shareholder" and therefore not eligible to participate in the Entitlement Offer (**Ineligible Shareholders**).

The Company, in its absolute discretion, reserves the right to determine whether an Applicant is an Eligible Shareholder. The Company disclaims all liability to the maximum extent permitted by law in respect of any determination as to whether an Applicant is an Eligible Shareholder or an Ineligible Shareholder.

The Company may (in its absolute discretion) decide to extend the Entitlement Offer to a Shareholder in a foreign jurisdiction (subject to compliance with applicable laws).

Persons acting as nominees for other persons must not take up any Entitlements on behalf of, or send any documents related to the Entitlement to, any person in the United States.

By applying for Shares (and, Additional Shares, if applicable) under and in accordance with the requirements of this Prospectus, you will be taken to have represented and warranted that you are an Eligible Shareholder. Eligible Shareholders who are nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

### 2.3 Please consider the Entitlement Offer in the light of your personal circumstances

Please consult with your stockbroker, accountant, financial adviser, taxation adviser or other independent professional adviser if you have any queries or you are uncertain about any aspect of the Entitlement Offer.

An investment in Shares (and Additional Shares, if applicable) is subject to investment and other known and unknown risks, some of which are beyond the control of the Company, including risks which if they were to eventuate may result in the loss of any amount invested.

The Company does not guarantee any particular rate of return or the performance of the Company, nor does it guarantee the repayment of capital from the Company or any particular tax treatment. In considering an investment in Shares, Eligible Shareholders should have regard (amongst other things) to the risk factors in Section 4 of this Prospectus and to the disclaimed outlined in the "Important information" Section of this Prospectus.

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<sup>10</sup> Eligible Shareholders may also apply for Additional Shares in excess of their Entitlement.

## 2.4 Your Entitlement

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 1 Share for each Share held as at the Record Date. If you have more than 1 holding of Shares, you will be sent more than 1 Prospectus and personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

If you decide to take up all or part of your Entitlement, please refer to the personalised Entitlement and Acceptance Form and apply for your new Shares in accordance with the instructions on that form.

If you take no action, or your Application is not supported by cleared funds (in Australian dollars), your Entitlement will lapse and you will not be issued with any new Shares. Because the Entitlement Offer is partially underwritten, you should also note that if you do not take up all or part of your Entitlement, then your percentage holding in the Company will be diluted to the extent that other Eligible Shareholders do and/or to the extent the underwriter is required to subscribe for the Underwritten Amount.

Eligible Shareholders who do not take up all or part of their Entitlement will not receive any value for that part of their Entitlement that they do not take up.

Eligible Shareholders may also apply for Additional Shares in excess of their Entitlement.

Additional Shares will only be allocated to Applicants who apply for Additional Shares if there are sufficient Shares from Eligible Shareholders who do not take up their Entitlement in full together with any Shares that would have been offered to Ineligible Shareholders had they been eligible to participate in the Entitlement Offer (subject to any scale back that the Company might, in its absolute discretion, apply).

If you apply for Additional Shares, there is no guarantee that you will be allocated with any.

**Note:** the Entitlement stated on your personalised Entitlement and Acceptance Form may be in excess of the actual Entitlement that you may be permitted to take up where, for example, you are holding Shares on behalf of an Ineligible Shareholder.

## 2.5 Nominees

The Entitlement Offer is only being made to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares (e.g. for the purposes of determining whether any such persons may participate in the Entitlement Offer). Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Entitlement Offer is compatible with applicable foreign laws. Any person that is in the United States with a holding through a nominee may not participate in the Entitlement Offer and the nominee must not take up any Entitlement or send the Prospectus or any other materials relating to the Entitlement Offer into the United States or to any person it knows to be in the United States. The Company assumes no obligation to advise you on any foreign laws.

## 2.6 Choices available to Eligible Shareholders

If you are an Eligible Shareholder you may:

- take up all or part of your Entitlement (see Section 2.7);
- take up all of your Entitlement and apply for Additional Shares in excess of your Entitlement (see Section 2.7); or
- do nothing, in which case your Entitlement will lapse and you will receive no value for those lapsed Entitlements (see Section 2.7).



## 2.7 Applications and payment methods

Eligible Shareholders may apply for Shares (and Additional Shares, if applicable) under the Entitlement Offer by:

- completing and returning their personalised Entitlement and Acceptance Form together with a cheque or bank draft for the complete amount of their Application Monies to the Share Registry in accordance with the instructions set out on their personalised Entitlement and Acceptance Form; or
- paying the complete amount of their Application Monies via BPAY® utilising the Biller Code and CRN shown on the front of their personalised Entitlement and Acceptance Form. Eligible Shareholders who provide their Application Monies via BPAY® do not need to complete and return their Entitlement and Acceptance Form to the Share Registry.

The address for the mailing or hand delivery of your completed personalised Entitlement and Acceptance Form (which must be given to the Share Registry together with your cheque or bank draft for the complete amount of your Application Monies) is set out below:

Mailing Address:	Hand delivery:
Boardroom Pty Ltd GPO Box 3993 Sydney NSW 2001	Boardroom Pty Ltd Level 12, 225 George Street Sydney NSW 2000

Please note that in addition to being made payable to “**Identitii Limited**” and marked “**Not Negotiable**”, all cheques and bank drafts must be in Australian dollars and drawn at an Australian branch of an authorised financial institution.

By making an Application and paying your Application Monies (whether by BPAY®, cheque or by bank draft), you will be deemed to have declared that you were given access to this Prospectus (and any supplementary or replacement prospectus), together with your personalised Entitlement and Acceptance Form which was attached to or which accompanied this Prospectus.

The Entitlement Offer opens on Tuesday, 7 April 2020 and closes at 5pm (Sydney time) on Friday, 24 April 2020. The Company and the Underwriter may elect to extend the Entitlement Offer, or accept late Applications either generally or in particular cases.

Application Monies received from Applicants under the Entitlement Offer will be held in a special purpose bank account until the Shares the subject of the Entitlement Offer are issued. Applicants under the Entitlement Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund, as applicable. Interest will not be paid on any monies refunded.

Applicants whose Applications are accepted in full will receive the whole number of Shares calculated by dividing the Application Monies provided by the Issue Price. Where the Issue Price does not divide exactly into the Application Monies provided, the number of Shares to be allocated to the Applicant will be rounded down to the nearest whole Share. No refunds pursuant solely to rounding will be provided. Any interest earned on Application Monies pending the allocation or refund will be retained by the Company.

The Company will treat you as applying for as many Shares as your Application Monies will pay for in full up to your full Entitlement and, in respect of any amounts received by the Company in excess of the value of your full Entitlement, may treat your Application as applying for as many Additional Shares as your Excess Amount will pay for in full, subject to any scale back that the Company may decide to implement in its absolute discretion in respect of Additional Shares.

If the amount of your Application Monies is less than the amount specified on your Entitlement and Acceptance Form, you will be taken to have applied for such lower dollar amount of Shares (and Additional Shares, if applicable).

## 2.8 If you do nothing

If you take no action you will not be allocated any new Shares and your Entitlement will lapse. Eligible Shareholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements that they do take up.

## 2.9 No Entitlement trading

Your Entitlement to participate in the Entitlement Offer is non-renounceable and cannot be traded on ASX or any other financial market and nor can it be privately transferred.

## 2.10 Treatment of foreign Shareholders

Subject to a limited number of exceptions, the Company has decided that it is unreasonable to make offers under the Entitlement Offer to investors who have a registered address outside of Australia, having regard to the number of such holders in those places, the number and value of Shares they would be offered and the cost of complying with the relevant legal and regulatory requirements in those places. Ineligible Shareholders are not eligible to participate in the Entitlement Offer due to securities law restrictions on the offer of Shares in certain jurisdictions. The Company and the Underwriter may arrange for the Shares in respect of entitlements which would otherwise have been available to Ineligible Shareholders to be offered for subscription in a process available only to certain Exempt Investors.

## 2.11 Rights and liabilities attaching to Shares

The Shares being offered under the Prospectus are in the same class and will rank equally in all respects with the Shares on issue from the Issue Date. The rights and liabilities attaching to Shares are further described in Section 5.5.

## 2.12 Overseas investors

No action has been taken to register or qualify the Shares or the Entitlement Offer, or otherwise to permit an offering of Shares, in any jurisdiction other than Australia. The distribution of this Prospectus outside of Australia may be restricted by law. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. Persons into whose possession this Prospectus comes should inform themselves about and observe, any such restrictions. The receipt of an Application under and in accordance with the requirements of this Prospectus will be taken by the Company to constitute a representation and warranty that there has been no breach of any such law.

### United States

This Prospectus has been prepared in accordance with the relevant corporate laws of Australia and may not be distributed to, or relied upon by, any person in the United States. The Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (**US Securities Act**), or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of a US person, unless an exemption from the registration requirements of the US Securities Act (and, if applicable, US state securities laws) is available.

## 2.13 CHES and issuer sponsorship

The Company participates in ASX's Clearing House Electronic Subregister System (**CHES**) and complies with the ASX Listing Rules and ASX Settlement Operating Rules in relation to CHES. CHES is an electronic transfer and settlement system for transactions in Quoted securities under which transactions are effected in electronic form.

Since the Shares are "Approved Financial Products" (as that term is defined in the ASX Settlement Operating Rules), Shareholdings are registered in one (1) of two (2) subregisters, being either the electronic CHES subregister or the Company's issuer sponsored subregister. Together, these two (2) registers comprise the Company's register of Shareholders.

For successful Applicants under the Entitlement Offer, the Shares (and Additional Shares, if applicable) of any such Shareholder who is a participant in CHES or is sponsored by a participant in CHES will be registered on the CHES subregister. In all other instances, Shares (and Additional Shares, if applicable) will be registered on the issuer sponsored subregister.

The Company expects that successful Applicants will be sent holding statements (which will evidence the number of Shares allocated to them on the Issue Date) within 2 Business Days after the Issue Date. Holding statements will be despatched by standard post. Holding statements will also provide details of a Shareholder's Holder Identification Number (**HIN**) for (CHES holders) or, where applicable, Shareholder Reference Number (**SRN**) for issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their Shareholding. Share certificates will not be issued by the Company.

## **2.14 Privacy disclosure**

Persons who apply for Shares under this Prospectus are (or may be) asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect, hold and use that personal information to assess applications, to provide facilities and services to Shareholders and to carry out various administrative functions. Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws. If the information requested is not supplied, Applications may not be processed. Information collected in relation to specific Shareholders can be obtained by that Shareholder by contacting the Company or the Share Registry.

## **2.15 Taxation**

It is the responsibility of all Shareholders to satisfy themselves of the particular taxation treatment that applies to them in relation to the Entitlement Offer by consulting their own professional tax advisers. Neither the Company nor the Directors accept any liability or responsibility in respect of the taxation consequences for Shareholders as a result of the matters referred to in this Prospectus. See Section 5.14 for further detail.

## **2.16 Official Quotation**

The Company will apply within 7 days after the date of this Prospectus for Quotation of the Shares the subject of the Entitlement Offer by lodging an Appendix 3B with ASX.

If approval for Quotation of the Shares the subject of the Entitlement Offer is not granted within 3 months after the date of this Prospectus, the Company will not issue any Shares under this Prospectus and will repay all Application Monies without interest as soon as practicable.

Subject to written confirmation from ASX, it is expected that Quotation of the new Shares actually issued under the Prospectus will commence on the Trading Day immediately following the Issue Date.

A decision by ASX to grant Quotation of the Shares issued under the Entitlement Offer is not to be taken in any way as an indication of ASX's view as to the investment merits of the Company or the Shares to which this Prospectus relates.

## **2.17 No cooling-off**

You cannot withdraw your Application once it has been accepted. Cooling-off rights do not apply to an investment in the Shares (or Additional Shares, if applicable). The Company reserves the right to withdraw the Entitlement Offer at any time before the issue of Shares to successful Applicants, in which case, the Company will refund any Application Monies received in accordance with the Corporations Act and will do so without interest being payable to Applicants.

## **2.18 Shortfall**

The Directors of the Company reserve the right to place the Shares the subject of any Shortfall to Exempt Investors within 3 months of the Closing Date. The issue price for any Shares issued under any such Shortfall placement will be no less than the Issue Price.

Under the terms of the Underwriting Agreement, the Underwriter has agreed to use "reasonable endeavours" to find suitable placees to whom to the Company may place the Shortfall within 3 months of the Closing Date. See Section 5.6 for the fee payable to the Underwriter in this regard.

The Underwriter will consult with the Company in relation to the identity of the placees under any such Shortfall placement having regard to the proposed placees' investment objectives, investment horizon and risk appetite.

Related Parties of the Company (and any Associates of any Related Parties of the Company) will not be entitled to participate in the placement of any Shortfall unless Shareholder approval under ASX Listing Rule 10.11 is obtained.

## **2.19 Confirmation of your Application and managing your holding**

You may access information on your holding, including your Record Date balance and manage your standing instructions to the Share Registry by accessing the InvestorServe website at [www.investorserve.com.au](http://www.investorserve.com.au).

## **2.20 Enquiries**

Persons who are in any doubt as to the course of action to be followed should consult their stockbroker, solicitor, accountant or other professional adviser. Generic questions relating to the Entitlement Offer can be directed to the Company's Company Secretary, Ms Elissa Hansen on 0411 764 556.

## 3 Purpose and Effect of the Offer

### 3.1 Background

On Monday, 3 February 2020, the Company requested that a trading halt (**Trading Halt**) be applied to its Shares in accordance with ASX Listing Rule 17.1 while it conducted a placement of Shares to Exempt Investors (**Placement**). In accordance with the ASX Listing Rules, the Trading Halt was only able to apply until the commencement of trading on Wednesday, 5 February 2020.

On Wednesday, 5 February 2020 and, after it became apparent to the Company that the Company would not be able to complete the Placement within the permitted duration of the Trading Halt, the Company requested that its existing Shares be suspended from Official Quotation (**Suspension**) in accordance with ASX Listing Rule 17.2.

As the Placement took longer than a further 5 Trading Days to complete, the Company is no longer eligible to rely on section 708A of the Corporations Act (in particular, because it cannot satisfy section 708A(5)(b)) to conduct the Entitlement Offer without disclosure to investors.

The Entitlement Offer is being conducted by your Company after it withdrew both the Placement referred to above and the placement under the Company's prospectus dated 21 February 2020.

### 3.2 Use of proceeds

The Company intends to use the gross proceeds raised under the Entitlement Offer in the following manner:

Use	Underwritten Amount	Full amount
Sales (pre-sales and delivery)	\$0.497m	\$1.290m
Marketing (including CorDapp trial)	\$0.310m	\$0.540m
Continued product development	\$0.305m	\$1.029m
Corporate operating expenses	\$0.350m	\$0.470m
Pay the costs of the Entitlement Offer	\$0.446m	\$0.487m
<b>Totals</b>	<b><u>\$1.908m</u></b>	<b><u>\$3.816m</u></b>

Applicants should note that the above estimated expenditures will be subject to modification on an ongoing basis depending on the progress of the Company's activities and the amount actually raised under the Entitlement Offer. Due to market conditions and/or any number of other factors (including the risks outlined in Section 4), actual expenditure may differ significantly to the above estimates.

### 3.3 Purpose of the Entitlement Offer

As noted above, the Company is unable to issue a cleansing notice pursuant to section 708A(5) of the Corporations Act because its existing Shares have been Suspended for more than five Trading Days over the last 12 months.

As a result of the Company's technical ineligibility to issue a cleansing notice under section 708A of the Corporations Act, the Company is required to conduct the Entitlement Offer under this Prospectus.

Conducting the Entitlement Offer under the Prospectus will ensure that:

- the Company complies with its statutory obligations under the Corporations Act with respect to the offer and issue of the Shares pursuant to the Entitlement Offer; and
- the Shares issued to successful Applicants under the Entitlement Offer will not be subject to any on-sale restrictions under section 707(3) of the Corporations Act.

See Section 5.1 for further detail.

### 3.4 Historical and pro forma financial position

Set out in this Section 3.4 is the Company's:

- consolidated statement of financial position as at 31 December 2019 (reviewed); and
- pro forma financial position as at 31 December 2019, giving effect to the Entitlement Offer as though this transaction had occurred as at 31 December 2019 (**Pro Forma Balance Sheet**), together, the **Financial Information**.

The Financial Information is presented in an abbreviated form and does not contain all of the disclosures that are usually provided in the Company's annual report (**Annual Report**) prepared in accordance with the applicable accounting standards and therefore cannot be expected to provide as full an understanding of the financial position of the Company as a statement of financial position in the Annual Report would provide.

The Financial Information as at 31 December 2019 has been derived from the Company's half year financial report given to ASX on 21 February 2020.

The Pro Forma Balance Sheet has not been audited, has been prepared for illustrative purposes only and gives effect to the Entitlement Offer (assuming that the full amount sought by the Company under the Entitlement Offer is raised) as if the Entitlement Offer had occurred on 31 December 2019.

As the Entitlement Offer is only underwritten up to the Underwritten Amount, there is no certainty that the Company will raise the full amount of approximately \$3.82 million sought under the Entitlement Offer.

The Pro Forma Balance Sheet set out below is indicative only and is not intended to be a statement of the Company's current financial position.

Identitii Limited  
As at 31 December 2019

	Notes	31 Dec 2019 \$'000	Impact of Offer \$'000	Pro-Forma \$'000
<b>ASSETS</b>				
Cash and cash equivalents	(a)	1,108	3,329	4,437
R&D tax receivable		641		641
Trade receivables		150		150
Other receivables		106		106
Prepayments		153		153
Contract assets		17		17
<b>Total Current Assets</b>		<b>2,176</b>	<b>3,329</b>	<b>5,505</b>
Intangible assets		62		62
Property, plant and equipment		965		965
Other non-current assets		13		13
<b>Total Non-Current Assets</b>		<b>1,040</b>	<b>-</b>	<b>1,040</b>
<b>Total Assets</b>		<b>3,216</b>	<b>3,329</b>	<b>6,545</b>
<b>LIABILITIES</b>				
Trade and other payables		394		394
Employee provisions		478		478
Contract liabilities		0		0
Lease liabilities		120		120
<b>Total Current Liabilities</b>		<b>992</b>	<b>-</b>	<b>992</b>
Lease liabilities		539		539
<b>Total Non-current Liabilities</b>		<b>539</b>	<b>-</b>	<b>539</b>
<b>Total Liabilities</b>		<b>1,531</b>	<b>-</b>	<b>1,531</b>
<b>Net Assets</b>		<b>1,685</b>	<b>3,329</b>	<b>5,014</b>
<b>EQUITY</b>				
Share capital	(b)	16,261	3,597	19,858
Share Options Reserve		3,065		3,065
Retained earnings	(c)	(17,647)	(268)	(17,914)
FCTR		6		6
<b>Total Equity</b>		<b>1,685</b>	<b>3,329</b>	<b>5,014</b>

**Notes to the Pro Forma Balance Sheet:**

- Pro forma cash increases by \$3.33 million as a result of the cash proceeds from the offer (\$3.82 million), partially offset by payment of transaction costs associated with the Entitlement Offer and other fundraising transactions (\$0.49 million).
- As a consequence of the Entitlement Offer, share capital increases by \$3.60 million as a result of \$0.22 million of estimated transaction costs that are able to be offset against contributed equity under AAS.
- Pro forma retained losses increase by \$0.27 million as a result of estimated transaction costs that are not able to be offset against contributed equity under AAS.

The Pro Forma Balance Sheet assumes that the Entitlement Offer is fully subscribed. However, if the Company only raises the Underwritten Amount under the Entitlement Offer, certain of the above noted line items/resulting figures will change accordingly. For example, if the Underwritten Amount (of \$1.91 million) is raised the line items titled “Cash and cash equivalents”, “Total Current Assets”, “Total Assets” and “Net Assets” will increase by \$1.46 million rather than by \$3.33 million. The resulting Pro Forma position of the Company for each of these line items will be \$2.57 million, \$3.64 million, \$4.68 million and \$3.15 million (i.e. instead of what is currently shown in the Pro Forma Balance Sheet). Similarly, the line items titled “Share capital” and “Retained losses” will increase by \$1.76 million and \$0.30 million, respectively. The resulting balances for each of these items will therefore be \$18.03 million and negative \$17.95 million, respectively.

### 3.5 Potential effect of the Entitlement Offer on the Company’s capital structure

The potential impact of the Entitlement Offer on the capital structure of the Company is set out below:

Capital structure	Opening Date	Issue Date (Underwritten Amount)	Issue Date (Full Subscription)
Total number of Shares on issue	54,518,799	81,778,198	109,037,598
Total number of Quoted Shares on issue	31,839,025	59,098,424	86,357,824
Total number of unquoted Shares on issue	22,679,774	22,679,774	22,679,774
Total number of Options in existence	7,780,902	12,780,902	17,780,902
Total Shares on issue on a fully diluted basis	62,299,701	89,559,100	116,818,500

#### Notes:

- As the Entitlement Offer is not fully underwritten, there is no certainty that the Company will issue all 54,518,799 Shares the subject of the Entitlement Offer. The Company will disclose the precise number of Shares that it will issue under the Entitlement Offer in its Appendix 2A (expected to be given to ASX by noon on the Issue Date).
- 31,839,025 of the Company’s 54,518,799 Shares are Quoted (with the balance of 22,679,774 subject to ASX-imposed escrow until 17 October 2020). On conclusion of the ASX-imposed escrow period, the Company will apply for Quotation of these 22,679,774 Shares. The Company will also apply for Quotation of all Shares issued under the Entitlement Offer.
- The Company has also granted a total of 7,780,902 unquoted options (each, an **Option**) to certain of its key executives, directors and previous advisers. These Options are convertible into Shares at various exercise prices and have a range of expiry dates. 3,700,000 of these Options are also subject to ASX-imposed escrow. It is unlikely that any of these Options will be exercised before the Closing Date.



### 3.6 Potential effect on control and scenario analysis

Given the Issue Price (i.e. relative to the Share price on ASX immediately prior to the imposition of the Trading Halt (which was \$0.295 per Share)), the relatively small number of substantial Shareholders, the fact that Eligible Shareholders may apply for Additional Shares (ie Shares in excess of their Entitlement) and because the Entitlement Offer is partially underwritten, the Company does not expect the Entitlement Offer to have a material effect on the control of the Company. Furthermore, Eligible Shareholders who take up their Entitlements in full will not have their proportionate interest in the Company diluted by the Entitlement Offer<sup>11</sup>.

The Company notes however that KTM Ventures (which is potentially a Related Party of the Company (i.e. because its director (and major shareholder), Mr Martin Rogers was, within the last 6 months, a Director of the Company)) has entered into a sub-underwriting agreement with the Underwriter pursuant to which KTM Ventures is obliged to apply for up to approximately \$1.34 million worth of Shares out of any Shortfall<sup>12</sup>.

The Company also notes 275 Invest's<sup>13</sup> intention (subject to its ability to procure external financing<sup>14</sup>) to apply for its Entitlement in full. As at the date of this Prospectus, Mr Armstrong has a Relevant Interest in a total of 9,478,340 Shares. See Section 5.9 for further detail in relation to the Relevant Interest that Mr Armstrong (and the Company's other Directors and Related Parties) have in the Company's Shares.

#### (a) All Eligible Shareholders apply for their Entitlement in full

The table below sets out each of the Company's substantial Shareholders' (ie those Shareholders who hold at least 5% of the Shares) Relevant Interests in Shares and also their expected Relevant Interest in Shares on completion of the Entitlement Offer on the assumption that there is no Shortfall (i.e. assuming that all Eligible Shareholders apply for their Entitlement in full).

Substantial holder	Shares held before EO	Percentage of Shares	New Shares issued	Shares held after EO	Percentage of Shares
275 Invest	9,478,340	17.39%	9,478,340	18,956,680	17.39%
UBS Nominees	6,207,193	11.39%	6,207,193	12,414,386	11.39%
Holywell Ford	4,633,953	8.50%	4,633,953	9,267,906	8.50%
KTM Ventures <sup>15</sup>	3,850,959	7.06%	3,850,959	7,701,918	7.06%
Wodi Wodi	3,040,749	5.58%	3,040,749	6,081,498	5.58%
Remaining Shareholders	27,307,605	50.09%	27,307,605	54,615,210	50.09%
<b>Total</b>	<b>54,518,799</b>	<b>100%</b>	<b>54,518,799</b>	<b>109,037,598</b>	<b>100%</b>

<sup>11</sup> However, if an Eligible Shareholder does not take up all of their Entitlements, then the proportionate interest of that Eligible Shareholder in the Company's Shares will likely be diluted. The proportionate interest of all Ineligible Shareholders will also be diluted as such persons are not eligible to participate in the Entitlement Offer.

<sup>12</sup> The Company intends to allocate any Shortfall that may arise on completion of the Entitlement Offer as follows: (i) firstly, pro rata to Eligible Shareholders who apply for Additional Shares, (ii) secondly, to Exempt Investors who are introduced to the Company by the Underwriter during the Entitlement Offer Period and who apply for new Shares out of any Shortfall and (iii) thirdly, to the sub-underwriters of the Entitlement Offer in proportion to the size of those sub-underwriters' commitment. KTM Ventures' obligation to apply for up to \$1.34 million worth of any Shortfall is not reduced or offset by the value of KTM Venture's application for new Shares (if any) pursuant to its Entitlement.

<sup>13</sup> A reference to 275 Invest in this Prospectus includes a reference to 275 Invest Pty Ltd (an entity which is affiliated with 275 Invest and which holds 80,000 Shares) as the context requires.

<sup>14</sup> 275 Invest's intention to apply for its Entitlement in full is dependent to its ability to procure external debt financing. Shareholders should note that there is no guarantee that 275 Invest will be able to procure sufficient third-party financing to enable 275 Invest to apply for its Entitlement in full on suitable terms (or at all)

<sup>15</sup> A reference to KTM Ventures in this Prospectus includes, where the context requires, a reference to KTM Ventures CIS (an entity which is affiliated with KTM Ventures and which holds 1,283,653 Shares).

**(b) No Eligible shareholders apply for their Entitlement**

The table below sets out each of the Company's substantial Shareholders' Relevant Interests in Shares and also their expected Relevant Interest in Shares on completion of the Entitlement Offer on the assumption that no Eligible Shareholder (including 275 Invest and KTM Ventures) takes up their Entitlement.

Substantial holder	Shares held before EO	Percentage of Shares	New Shares issued	Shares held after EO	Percentage of Shares
275 Invest	9,478,340	17.39%	0	9,478,340	11.59%
UBS Nominees	6,207,193	11.39%	0	6,207,193	7.59%
Holywell Ford	4,633,953	8.50%	0	4,633,953	5.67%
KTM Ventures	3,850,959	7.06%	19,081,579	22,932,538	28.04%
Wodi Wodi	3,040,749	5.58%	0	3,040,749	3.72%
Sub-underwriter	0	0.00%	8,177,820	8,177,820	10.00%
Remaining Shareholders	27,307,605	50.09%	0	27,307,605	33.39%
<b>Total</b>	<b>54,518,799</b>	<b>100%</b>	<b>27,259,399</b>	<b>81,778,198</b>	<b>100%</b>

**(c) No Eligible Shareholders (other than 275 Invest and KTM Ventures) apply for their Entitlement**

The table below sets out each of the Company's substantial Shareholders' Relevant Interests in Shares and also their expected Relevant Interest in Shares on completion of the Entitlement Offer on the assumption that no Eligible Shareholder (other than 275 Invest and KTM Ventures<sup>16</sup> who are assumed in this example to take up their Entitlement in full) takes up their Entitlement at all.

Substantial holder	Shares held before E/O	Percentage of Shares	New Shares issued	Shares held after E/O	Percentage of Shares
275 Invest	9,478,340	17.39%	9,478,340	18,956,680	23.18%
UBS Nominees	6,207,193	11.39%	0	6,207,193	7.59%
Holywell Ford	4,633,953	8.50%	0	4,633,953	5.67%
KTM Ventures	3,850,959	7.06%	13,602,029	17,452,988	21.34%
Wodi Wodi	3,040,749	5.58%	0	3,040,749	3.72%
Sub-underwriter	0	0.00%	4,179,030	4,179,030	5.11%
Remaining Shareholders	27,307,605	50.09%	0	27,307,605	33.39%
<b>Total</b>	<b>54,518,799</b>	<b>100%</b>	<b>27,259,399</b>	<b>81,778,198</b>	<b>100%</b>

<sup>16</sup> KTM Ventures has committed to subscribe for \$1,335,710.53 worth of any Shortfall. Another sub-underwriter (who is not a Related Party of the Company or an Associate of a Related Party of the Company) has also agreed to apply for \$572,447.33 worth of Shortfall. This means that any Shortfall will be allocated to KTM Ventures and the other sub-underwriter on the basis of 70% and 30%, respectively. In the scenario referred to above (i.e. that no Eligible Shareholder other than 275 Invest and KTM Ventures take up their Entitlement), KTM Ventures is required to apply for 9,751,070 Shares pursuant to the terms of its sub-underwriting agreement and the other sub-underwriter is required to apply for 4,179,030 Shares pursuant to the terms of its sub-underwriting agreement.

**(d) All Eligible Shareholders (including 275 Invest and KTM Ventures) apply for half (i.e. 50%) of their Entitlement**

The table below sets out each of the Company's substantial Shareholders' Relevant Interests in Shares and also their expected Relevant Interest in Shares on completion of the Entitlement Offer on the assumption that all Eligible Shareholders (including 275 Invest and KTM Ventures) take up half (i.e. 50%) of their Entitlement. In such circumstances, neither sub-underwriter will be required to apply for any Shares as the Company will have reached the Underwritten Amount (at which point, the Underwriter is no longer obliged to apply for any Shares out of the Shortfall).

Substantial holder	Shares held before E/O	Percentage of Shares	New Shares issued	Shares held after E/O	Percentage of Shares
275 Invest	9,478,340	17.39%	4,739,170	14,217,510	17.39%
UBS Nominees	6,207,193	11.39%	3,103,596	9,310,789	11.39%
Holywell Ford	4,633,953	8.50%	2,316,976	6,950,929	8.50%
KTM Ventures	3,850,959	7.06%	1,925,479	5,776,438	7.06%
Wodi Wodi	3,040,749	5.58%	1,520,374	4,561,123	5.58%
Remaining Shareholders	27,307,605	50.09%	13,653,802	40,961,407	50.09%
<b>Total</b>	<b>54,518,799</b>	<b>100%</b>	<b>27,259,399</b>	<b>81,778,198</b>	<b>100%</b>

**(e) All Eligible Shareholders (other than 275 Invest and KTM Ventures (who apply for all of the Entitlement)) apply for half (i.e. 50%) of their Entitlement**

The table below sets out each of the Company's substantial Shareholders' Relevant Interests in Shares and also their expected Relevant Interest in Shares on completion of the Entitlement Offer on the assumption that all Eligible Shareholders (other than 275 Invest and KTM Ventures who are assumed in this example to take up their Entitlement in full) take up half (i.e. 50%) of their Entitlement. In such circumstances, neither sub-underwriter will be required to apply for any Shares as the Company will have reached the Underwritten Amount (at which point, the Underwriter is no longer obliged to apply for any Shares out of the Shortfall).

Substantial holder	Shares held before E/O	Percentage of Shares	New Shares issued	Shares held after E/O	Percentage of Shares
275 Invest	9,478,340	17.39%	9,478,340	18,956,680	21.43%
UBS Nominees Pty Ltd	6,207,193	11.39%	3,103,596	9,310,789	10.53%
Holywell Ford Pty Ltd	4,633,953	8.50%	2,316,976	6,950,929	7.86%
KTM Ventures	3,850,959	7.06%	3,850,959	7,701,918	8.71%
Wodi Wodi Pty Ltd	3,040,749	5.58%	1,520,374	4,561,123	5.16%
Remaining Shareholders	27,307,605	50.09%	13,653,802	40,961,407	46.31%
<b>Total</b>	<b>54,518,799</b>	<b>100%</b>	<b>33,924,047</b>	<b>88,442,846</b>	<b>100%</b>

## 4 Risk factors

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This Section describes some of the potential risks associated with the Company's business and risks associated with an investment in the Shares (and, if applicable, Additional Shares). It does not purport to list every risk that may be associated with an investment in the Shares either now or in the future. The occurrence or consequence of some of the risks described in this Section are partially or completely outside of the control of the Company and the Directors.

The selection of risks set out in this Section is based on an assessment of a combination of the probability of the risk occurring, the Company's ability to mitigate that risk and the impact on the Company of the risk if it were to occur. That assessment is based on the knowledge of the Company and the Directors as at the date of the Prospectus. Please note however that there is no guarantee or assurance that the importance of different risks will not change or that other risks will not emerge.

There can be no guarantee that the Company will deliver on its business strategy or that any forward looking statement contained in this Prospectus will be achieved or realised. Investors should note that past performance is not a reliable indicator of future performance.

Before applying for Shares (and, if applicable, Additional Shares), Eligible Shareholders should satisfy themselves that they have sufficient understanding of the risks to which the Company and the Shares are subject and should consider whether Shares are a suitable investment for them having regard to their own personal circumstances, investment objectives, financial situation and tax position. If Eligible Shareholders are unclear in relation to any matter or are uncertain as to whether the Shares represent a suitable investment for them, they should seek professional advice from their solicitor, stockbroker, accountant or other independent and appropriately qualified professional adviser before deciding whether to invest.

### 4.1 Risks associated with the Company and its business

- **Sufficiency of funding:** At the date of this Prospectus, Identitii is not cash flow positive, meaning that Identitii is reliant on raising funds from investors in order to continue its operations. Although the Directors consider that Identitii will, on completion of the Entitlement Offer (assuming that the Company raises the full amount sought under the Entitlement Offer (i.e. of approximately \$3.82 million)), have enough working capital to carry out its stated objectives for the next 12 months, there can be no assurance that such objectives can be met without further funding. In the event that the Company only raises the Underwritten Amount however (i.e. of approximately \$1.91 million), the Company expects that it will likely need to raise further capital before the end of CY2020.
- **Limited financial resources:** Identitii has limited financial resources and may need to raise additional funds from time to time to finance the complete development and commercialisation of its products and services and meet its other longer term objectives. Identitii may never achieve profitability and its ability to raise additional funds will be subject to, among other things, factors beyond the control of Identitii and its Directors, including cyclical factors affecting the economy and the share markets generally. The Directors can give no assurance that future funds can be raised by Identitii on favourable terms, if at all.
- **Failure to attract new customers:** Identitii may fail to attract new customers for a number of reasons, such as the failure to meet customer expectations or requirements, poor customer service, pricing or competition. Identitii's ability to retain and renew existing contracts and win new contracts may also be impacted by broader external factors including a slowdown in economic activity, changes to law or changes to regulation. If Identitii fails to retain its existing customers, attract further business from those existing customers and attract new customers, Identitii's future operating and financial performance may be adversely affected and its reputation may be damaged.
- **Competition:** The business of providing enterprise software for the financial services industry in order to solve challenges for international wire transfers is highly competitive and includes companies with significantly greater financial, technical, human, research and development and marketing resources than Identitii. There is also currently significant interest in adopting blockchain technology for this purpose including among banks, financial intermediaries, financial technology start-ups and others. Identitii's competitors may discover and develop products in advance of Identitii and/or products that are more effective than those developed by Identitii. As a consequence, Identitii's current and future technologies and products may become obsolete or uncompetitive resulting in adverse effects on revenue, margins and profitability.

- **Product disruption:** The rapid pace of innovation and development within the industry, together with the high number of competitors mean that there is no guarantee Identitii's products will be effective or economic. There is a risk that any Identitii's competitors' products, services or offerings may render Identitii's products, services or offerings obsolete or uncompetitive. In particular, the enterprise software market and financial services industry has been rapidly evolving, with both new entrants and established participants operating in specific areas of expertise.
- **Business strategy risk:** Identitii's future growth and financial performance is dependent on Identitii's ability to successfully execute its business strategy. This will be impacted by a number of factors, including Identitii's ability to:
  - expand through new channels and develop within Australian and international financial services markets for its current commercialised products and services;
  - ability to successfully commercialise its current products and services and being able to provide these products and services;
  - innovate and successfully commercialise new products that are appealing to customers; and
  - comply with regulatory requirements (reflecting the sensitive regulatory nature or highly regulated environment in which Identitii's customers operate their business).
- **Dependence on key customers:** Identitii is dependent on its ability to retain its existing customers. A majority of the Identitii's business has historically been and is currently carried out under contract to a single material customer. Changes in spending levels or in Identitii's standing with that financial institution would affect its financial and operating performance. Identitii derives all of its revenue (other than R&DTI income) as at the date of this Prospectus from this contract and it may be terminated at any time without cause, delayed or incur unforeseen costs in performance which may not be recoverable.
- **Inability to retain key staff:** Identitii currently employs a number of key management personnel and Identitii's future depends on retaining appropriately qualified and experienced personnel. The loss of any of these employee's services could materially and adversely affect Identitii and may impede the achievement of its product development and commercialisation objectives. Furthermore, the successful development of Identitii will require the services of additional appropriately qualified and experienced staff. There can be no assurance that Identitii will be able to attract appropriately qualified and experienced additional staff and this may adversely affect Identitii's prospects of success.

#### 4.2 Risks associated with the Company's intellectual property and trade secrets

- **Dependence on technology rights and intellectual property:** Obtaining and protecting intellectual property rights over all the technologies and products connected with Identitii's products, services or offerings will be essential to commercialisation and realising its growth potential. The prospects of Identitii's products, services and offerings generating a profit and increasing in value depend significantly on its ability to obtain interests in all relevant intellectual property, maintain trade secret protection and operating without infringing the proprietary rights of third parties. In this regard, Identitii and its Directors offer no assurance that any intellectual property which it develops or acquires will afford Identitii or the holder commercially significant protection of its products or technologies, or that any of the projects that may arise from technologies will have commercial applications Identitii expects. However, no assurance can be given that any measures taken to protect its interests in intellectual property will be sufficient. There is a risk that as yet unknown third parties may assert intellectual property claims in relation to blockchain, including any of the technologies or services associated with Identitii's block-chain based products, services or offerings. Irrespective of the merit of any rights or claims asserted by third parties, such claims may adversely affect Identitii. There is also a risk that Identitii's investment may be indirectly adversely affected if a third party claim or asserted right reduces confidence in the longer-run viability of the blockchain industry.
- **Patent risk:** Identitii cannot give any assurances that the Identitii Patent Application will be granted. Third parties may also object to the grant of the Identitii Patent Application on grounds which may include alleged infringement of their patents. While Identitii is not aware of its products infringing any third party's patent, Identitii has not undertaken an exhaustive assessment of existing patents to determine any potential infringement. Accordingly, there is a

risk that a third party may claim that Identitii's technology (including as set out in the Identitii Patent Application) infringes that third party's patent. There is also no guarantee that grant of a patent under the Identitii Patent Application will provide adequate protection for the intellectual property, or that third parties will not infringe or misappropriate its patents or any other rights. In addition, there can be no assurance that Identitii will not have to pursue litigation against other parties to assert its rights.

- **Infringement of third party IP rights:** If a third party accuses Identitii of infringing its intellectual property rights or if a third party commences litigation against Identitii for the infringement of patent or other intellectual property rights, Identitii may incur significant costs in defending such action, whether or not it ultimately prevails. Costs that Identitii incurs in defending third party infringement actions would also include diversion of management's and technical personnel's time. In addition, parties making claims against Identitii may be able to obtain injunctive or other equitable relief that could prevent Identitii from further developing discoveries or commercialising its products and services. In the event of a successful claim of infringement against Identitii, it may be required to pay damages and obtain one (1) or more licences from the prevailing third party. If it is not able to obtain these licences at a reasonable cost, if at all, it could encounter delays in product and service delivery and loss of substantial resources while it attempts to develop alternative products and services. Defence of any lawsuit or failure to obtain any of these licences could prevent Identitii from commercialising available products and services and could cause it to incur substantial expenditure.
- **Trade secrets risks:** Identitii relies on its trade secrets, which include information relating to the development of its technology and integration with its customers. The protective measures that Identitii employs may not provide adequate protection for its trade secrets. This could erode Identitii's competitive advantage and materially harm its business. Identitii cannot be certain that others will not independently develop the same or similar technologies on their own or gain access to trade secrets or disclose such technology, or that Identitii will be able to meaningfully protect its trade secrets and unpatented know-how and keep them secret.

#### 4.3 General investment risks

- **Price of Shares:** The price of Shares quoted on ASX may rise or fall, and the Shares issued on completion of the Entitlement Offer may trade below or above the Issue Price due to a number of factors, including: general economic conditions, including interest rates, exchange rates, inflation rates and commodity prices. Other factors include:
  - fluctuations in the local and global market for listed stocks;
  - changes to government policy, legislation or regulation;
  - inclusion in or removal from market indices;
  - the nature of markets in which Identitii operates;
  - general and operational business risks; and
  - global hostilities, tensions and acts of terrorism.
- **Force majeure:** Force majeure is a term used to refer to an event beyond the control of a party claiming that the event has occurred. Significant catastrophic events – such as war, acts of terrorism, loss of power, cyber security breaches or global threats – or natural disasters - such as earthquakes, fire or floods or the outbreak of epidemic (pandemic) disease – could disrupt Identitii's operations and impair deployment of its solutions by its customers, interrupt critical functions, reduce demand for Identitii's products, prevent customers from honouring their contractual obligations to Identitii or otherwise harm the business. To the extent that such disruptions or uncertainties result in delays or cancellations of the deployment of Identitii's products and solutions, its business, results of operations and financial condition could be harmed.
- **Equity market fluctuations:** Investors are strongly advised to regard an investment in Identitii as a long-term proposition and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur. This means that the market price of Shares may decrease or increase from time to time. Identitii cannot guarantee its future earnings and cannot provide a guaranteed level of return to investors.

- **Economic conditions:** The operating and financial performance of Identitii is influenced by a variety of general economic and business conditions in the primary markets it operates or plans to operate (including US, Australia and Asia), including the level of inflation, international share markets, interest and currency exchange rates and government fiscal, monetary and regulatory policies. A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have a material adverse impact on Identitii's business or financial situation including its ability to fund ongoing operations.
- **Changes in tax laws:** New tax laws could be enacted at any time. Those enactments could harm Identitii's business and financial performances. Further, existing tax laws could be interpreted, changed, modified or applied adversely to Identitii.
- **No dividends expected in the foreseeable future:** Identitii does not expect to declare any dividends to holders of the Shares in the foreseeable future. Consequently, investors may need to rely on sales of their Shares after price appreciation (which may never occur) as the only way to realise any future gains on their investment. Investors seeking access to dividends should not purchase the Shares the subject of this Prospectus.
- **Government:** Changes in government, monetary policies, taxation and other laws can have a significant influence on the outlook for companies and investor returns.

#### 4.4 Concluding statement on risks

The above list of risks should not be taken as an exhaustive list of risks faced by the Company or by investors in the Company's Shares. The above risk factors, along with other risks not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares being offered under this Prospectus.

The Shares being offered under this Prospectus carry no guarantee with respect to the payment of dividends, the return of capital, the performance of the Company's underlying operations or the market value of those Shares. Any investment in the Company must be regarded as a highly speculative investment.

## 5 Additional information

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### 5.1 Nature of this Prospectus

This Prospectus is a prospectus to which the special content rules under section 713 of the Corporations Act apply. Section 713 allows a company to issue a more concise prospectus for offers of:

- securities in a class which has been continuously quoted by ASX for the 3 months prior to the date of the prospectus; and
- options over such continuously quoted securities.

Shares in the Company have been continuously quoted by ASX for the 3 months prior to the date of this Prospectus. The information in this Prospectus principally concerns the terms and conditions of the Entitlement Offer and the information that investors and their professional advisers would reasonably require to make an informed assessment of:

- the effect of the Entitlement Offer on the Company; and
- the rights and liabilities attaching to the Shares that are being offered under the Entitlement Offer.

This Prospectus contains this information only to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in it. It does not include all of the information that would be included in a prospectus for an initial public offering of shares.

The Company has, since listing, provided ASX with a substantial amount of information regarding its activities. That information is publicly available. Eligible Shareholders should read this Prospectus in conjunction with that publicly available information before making an investment decision.

### 5.2 Reporting and disclosure obligations

The Company is a disclosing entity for the purposes of the Corporations Act and is therefore subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. These obligations require ASX to be notified periodically and on a continuous basis of information about specific events and matters as they arise for the purpose of ASX making the information available to the financial market operated by it. In particular, the Company has an obligation under the ASX Listing Rules (subject to certain limited exceptions) to notify ASX immediately of any information concerning the Company, of which it becomes aware, which a reasonable person would expect to have a material effect on the price or value of the Company's securities. The Company is also required to prepare and lodge with ASX both yearly and half-yearly financial statements accompanied by a Directors' declaration and report, and an audit or review report (as applicable).

### 5.3 Availability of other documents

ASX maintains detailed records of company announcements for all companies listed on ASX. The Company's announcements may be viewed on the ASX website ([www.asx.com.au](http://www.asx.com.au)). ASIC also maintains records in respect of documents lodged with it by the Company, and these may be obtained from or inspected at any office of ASIC. The Company will provide a copy of any of the following documents, free of charge, to any person who requests a copy during the Entitlement Offer Period:

- the Company's annual financial report lodged with ASIC and given to ASX for the year ended 30 June 2019; and
- any continuous disclosure notice given by the Company to ASX (being any document used to notify ASX of information relating to the Company under the continuous disclosure provisions of the ASX Listing Rules and the Corporations Act) after the date of lodgement with ASIC (and giving to ASX) of the annual financial report referred to above and before lodgement with ASIC of this Prospectus.

Details of the notices referred to above are as follows:



<b>Date</b>	<b>Title of ASX announcement</b>
23/03/2020	Initial Director's Interest Notice (Rayment)
23/03/2020	Initial Director's Interest Notice (James)
23/03/2020	Final Director's Interest Notice (Lloyd)
23/03/2020	Final Director's Interest Notice (Aston)
20/03/2020	New CEO and Partially Underwritten Rights Issue
09/03/2020	Withdrawal of Prospectus
04/03/2020	Final Director's Interest Notice
04/03/2020	Resignation of Director
21/02/2020	Proposed issue of Securities - ID8
21/02/2020	Disclosure Document
21/02/2020	Half Yearly Report and Accounts
13/02/2020	Update on Continued Voluntary Suspension
10/02/2020	Update on Continued Voluntary Suspension
05/02/2020	Suspension from Official Quotation
03/02/2020	Investor Presentation
03/02/2020	Trading Halt
31/01/2020	Appendix 4C - Quarterly
20/12/2019	Lapse of Employee Options
17/12/2019	Identitii Operational Update
09/12/2019	Initial Director's Interest Notice
09/12/2019	Board Appointment Strengthens High Calibre Existing Team
06/12/2019	Identitii and R3 to Launch Global Multi-Bank CorDapp Trial
13/11/2019	Symphony and Identitii Partnership
28/10/2019	Appendix 4C - Quarterly
23/10/2019	MicroCap Conference 2019 Presentation
16/10/2019	Change of Director's Interest Notice
10/10/2019	Final Director's Interest Notice
08/10/2019	Results of Meeting
08/10/2019	Chairman's & CEO's Address to Shareholders
02/10/2019	Response to ASX Aware Query
01/10/2019	Letter to Shareholders
26/09/2019	Identitii Selected by ACCC to Test Open Banking Data
06/09/2019	Notice of Annual General Meeting/Proxy Form
04/09/2019	Investor Presentation
29/08/2019	Expiry of Unlisted Options
28/08/2019	Investor Webinar
28/08/2019	Corporate Governance Statement and Appendix 4G

All requests for copies of the above referred documents should be addressed to the Company's Company Secretary, Ms Elissa Hansen at Level 2, 129 Cathedral Street, Woolloomooloo, New South Wales 2011. Certain of these documents are also available on the Company's website: [www.identitii.com](http://www.identitii.com).

#### 5.4 Market price of Shares on ASX

The highest and lowest sale price of Shares on ASX during the 3 months preceding the imposition of Trading Halt, and the sale price at the close of trading on the Trading Day before Trading Halt, are set out below:

3-month high (27/11/2019)	3-month low (18/11/2019)	Last sale price (31/01/2020)
\$0.50	\$0.245	\$0.295

#### 5.5 Rights and liabilities attaching to the Shares

The rights and liabilities attaching to the ownership of the Shares the subject of this Prospectus arise from a combination of the Company's constitution (**Constitution**), statute, the ASX Listing Rules and general law. A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not exhaustive and nor does it constitute a definitive statement of the rights and liabilities of Shareholders.

##### **Voting at a general meeting**

At a general meeting of the Company, every Shareholder present in person or by proxy, representative or attorney has one (1) vote on a show of hands and, on a poll, one (1) vote for each fully paid Share held by the Shareholder.

##### **Meetings of members**

Each Shareholder is entitled to receive notice of, attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the ASX Listing Rules.

Except as permitted by the Corporations Act, general meetings must be called on at least the minimum number of days' notice required by the Corporations Act (which is 28 days) and otherwise in accordance with the procedures set out in the Corporations Act.

##### **Dividends**

The Board may by resolution either (i) declare a dividend and fix the amount, the time for and method of payment or (ii) determine a dividend or interim dividend is payable and fix the amount, the time for and method of payment.

##### **Transfer of Shares**

Subject to the Constitution, Shares may be transferred by a proper transfer effected in accordance with the ASX Listing Rules or the ASX Settlement Operating Rules. Subject to compliance with the ASX Listing Rules and the ASX Settlement Operating Rules, Shares may be transferred by a written instrument of transfer in any usual form or by any other form approved by the Directors. The Board may, in its absolute discretion, refuse to register a transfer of Shares in any of the circumstances permitted by the ASX Listing Rules. The Board must refuse to register a transfer of Shares when required to do so by the Listing Rules.

##### **Issue of further Shares**

Subject to the Corporations Act, the ASX Listing Rules, and the Constitution, the Directors may issue, or dispose of, Shares on terms determined from time to time by the Directors at an issue price that the Directors determine from time to time and to Shareholders whether in proportion to their existing Shareholdings or otherwise, or to such other persons as the Directors may determine from time to time. The Directors' power under the Constitution includes the power to grant Options to acquire Shares and issue Shares: with any preferential, deferred or special rights, privileges or conditions; with any restrictions in regard to dividend, voting, return of capital or otherwise; which are liable to be redeemed or converted; or which are bonus Shares for whose issue no consideration is payable to the Company.

### **Winding up**

Without prejudice to the rights of the holders of Shares issued on special terms and conditions, if the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company, divide among the Shareholders in kind all or any of the Company's assets; and for that purpose, determine how it will carry out the division between the different classes of Shareholders, but the liquidator may not require a Shareholder to accept any Shares or other securities in respect of which there is any liability.

### **Non-marketable parcels**

Where the Company complies with the relevant procedure outlined in the Constitution, the Company may sell the Shares of a Shareholder who holds less than a marketable parcel (as that term is defined in the ASX Listing Rules) of Shares.

### **Variation of class rights**

The rights attached to any class of Share may be varied in accordance with the Corporations Act.

### **Dividend reinvestment plan**

The Directors may establish a plan under which Shareholders may elect to reinvest cash dividends paid or payable by the Company, by acquiring by way of issue or transfer (or both) Shares. The Directors have no current intention to establish a dividend reinvestment plan.

### **Directors - appointment and rotation**

Under the Constitution, the minimum number of Directors that may comprise the Board is 3 and the maximum number of Directors is 10 or such lesser number as determined by the Board in accordance with the Corporations Act. Directors are elected at general meetings of the Company. Retirement will occur on a rotational basis so that no Director (excluding the managing Director) holds office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected or 3 years, whichever is longer. The Directors may also appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who will then hold office until the next annual general meeting of the Company.

### **Directors - voting**

Questions arising at a meeting of the Board will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. Subject to the ASX Listing Rules, in the case of an equality of votes on a resolution, the chairman of the meeting does not have a casting vote in addition to a deliberative vote.

### **Directors - remuneration**

The Directors, other than an executive Director, will be paid by way of fees for services up to the maximum aggregate sum per annum as may be approved from time to time by the Company in general meeting. The current maximum aggregate sum per annum for fees for non-Executive Directors is \$250,000, with the remuneration of these Directors set out in Section 5.10. Any change to that maximum aggregate sum needs to be approved by Shareholders. Pursuant to the Constitution, non-executive Directors may also be paid all reasonable travelling, hotel and other expenses properly incurred by them in connection with the Company's business.

### **Indemnities**

The Company, to the extent permitted by law, indemnifies every person who is or has been a director or secretary of the Company against any liability incurred by that person as an officer of the Company (or of a subsidiary of the Company), and reasonable legal costs incurred by that person as an officer of the Company (or of a subsidiary of the Company). The Company, to the extent permitted by law, may advance to an officer an amount which it might otherwise be liable to pay to the officer in respect of legal costs under the terms of the indemnity outlined above. The Company, to the extent permitted by law, may pay a premium for a contract insuring a person who is or has been a Director against liability incurred by that person as a Director. The Company has entered into director protection deeds with each Director.

## **Amendment**

The Constitution may be amended only by special resolution passed by at least three-quarters of the Shareholders present (in person or by proxy) and entitled to vote on the resolution at a general meeting of the Company.

### **5.6 Management and partial underwriting of the Entitlement Offer**

On 17 March 2020, the Company and the Underwriter entered into an underwriting agreement (**Underwriting Agreement**) pursuant to which the Underwriter has agreed (subject to the terms of the Underwriting Agreement) to partially underwrite the Entitlement Offer. In consideration for the Underwriter performing its obligations under the Underwriting Agreement (i.e. to underwrite the Underwritten Amount), the Company has agreed to:

- pay the Underwriter an underwriting fee of 6% (excluding GST) of the Underwritten Amount; and
- grant the Underwriter between 5 million and 10 million Underwriter Options<sup>17</sup>.

The Company will also pay the Underwriter a placement fee of 3% (excluding GST) on the value of any Shares placed by the Company to Exempt Investors introduced to the Company by the Underwriter within 3 months of the Closing Date<sup>18</sup>.

As is typical for agreements of this nature, the Underwriter may terminate its obligations under the Underwriting Agreement if certain circumstances (some of which must, in the reasonable opinion of the Underwriter, have or be likely to have, a materially adverse effect on the Entitlement Offer to permit the Underwriter to terminate) arise in relation to the Entitlement Offer. These circumstances include:

- the ASX/S&P 200 Index as published by ASX falls below 4,750;
- the Prospectus is withdrawn by the Company at any time prior to the Issue Date;
- there is a material omission in the Prospectus or the Prospectus contains a statement which is (or has become) materially false or misleading;
- an order is made in connection with the Prospectus or the Entitlement Offer, including under sections 1324 and 1325 of the Corporations Act;
- any person (other than the Underwriter) who has previously consented to being named in the Prospectus, withdraws that consent whether publicly or not;
- any director or senior executive of the Company is prosecuted for a indictable criminal offence; or
- ASX does not (or if ASX indicates to the Company or the Underwriter that it will not) allow the Shares the subject of the Entitlement Offer to be Quoted.

The Underwriter has not authorised or caused the issue of this Prospectus and takes no responsibility for any information in this Prospectus or any action taken by an Eligible Shareholder on the basis of any such information. To the maximum extent permitted by law, the Underwriter excludes and disclaims all liability, for any expenses, losses, damages or costs incurred by an Eligible Shareholder as a result of their participation in the Entitlement Offer and the information in this Prospectus being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

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<sup>17</sup> Subject to a minimum of 5 million Underwriter Options and a maximum of 10 million Underwriter Options, the precise number of Underwriter Options that the Company is required to grant the Underwriter depends on the amount actually raised by the Company under the Entitlement Offer. In this regard, the precise number of Underwriter Options to be granted to the Underwriter is determined in accordance with the following formula:  $X = \alpha \times (\beta \div \gamma)$  where **X** is the actual number of Underwriter Options to be granted to the Underwriter, **α** is 10,000,000, **β** is the number of Shares actually issued under the Entitlement Offer on the Issue Date (including, for the avoidance of doubt, any Shares issued to the Underwriter or the sub-underwriters on the Issue Date) and **γ** is 54,518,799. If, because the Company's available ASX Listing Rule 7.1 placement capacity is insufficient to enable it to grant the Underwriter with the complete number of Underwriter Options that it is required to pursuant to the preceding formula, the Company is obliged, on completion of the Entitlement Offer, to grant the Underwriter with such number of Underwriter Options that its available ASX Listing Rule 7.1 placement capacity will allow and then to seek Shareholder approval under ASX Listing Rule 7.1 so that it may grant the Underwriter with the requisite balance of Underwriter Options.

<sup>18</sup> Any Shares issued by the Company to Exempt Investors in reliance on Exception 3 to Listing Rule 7.2 will be issued by the Company within 3 months of the Closing Date and at an issue price of not less than the Issue Price.

## 5.7 Prior arrangements with Peloton

On 31 October 2019, the Company entered into an engagement letter (**Engagement Letter**) with Peloton Capital Pty Ltd (**Peloton**) pursuant to which Peloton agreed, amongst other things, to assist the Company with its capital raising initiatives. On 5 March 2020, Peloton terminated the Engagement Letter releasing the parties from any further liability or commitment to each other.

## 5.8 Consents

Each of the parties named below:

- has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named;
- has not made any statement in this Prospectus or any statement on which a statement made in this Prospectus is based, other than as specified below; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in, or omissions from, this Prospectus, other than the reference to its name in the form and context in which it appears and any statement included in this Prospectus with its consent, as specified in the table below:

Role	Consenting party	Consent
Australian legal adviser	K&L Gates	Consent to be named
Underwriter	Gleneagle Securities (Aust) Pty Ltd	Consent to be named
Share Registry	Boardroom Pty Ltd	Consent to be named

## 5.9 Interests of Directors, experts and advisers

Other than as set out below or elsewhere in this Prospectus:

- no Director or proposed Director has, or has had in the 2 years before lodgement of this Prospectus, an interest in:
  - the formation or promotion of the Company;
  - any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Entitlement Offer; or
  - the Entitlement Offer itself.
- no amounts, whether in cash or Shares or otherwise, have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director either to induce them to become, or to qualify them as, a Director, or otherwise for services rendered by them in connection with:
  - the promotion or formation of the Company; or
  - the Entitlement Offer.

As at the date of this Prospectus, the Directors have the following interests in issued securities of the Company, either directly or indirectly:

Director	Interest in Shares	Interest in Options
Nicholas Armstrong*	9,478,340	1,350,000
John Rayment*	Nil	Nil
Steve James*	Nil	Nil

**Notes:**

- Other than in relation to 80,000 Shares that are held by 275 Invest Pty Ltd (an entity which Mr Armstrong's father is a director of), all of Mr Armstrong's Shares and Options are held in 275 Invest as trustee for the Trust. Mr Armstrong is a director of 275 Invest and beneficiary of the Trust. As noted elsewhere in this Prospectus, 275 Invest (and 275 Invest Pty Ltd) has confirmed (subject to its ability to obtain external finance) that it will take up its Entitlement in full.
- Mr Rayment does not presently have a Relevant Interest in any Shares. However, and as noted elsewhere in this Prospectus, on 17 March 2020 Mr Rayment lent the Company \$100,000 for general working capital purposes. While this amount is repayable in cash, the Company is proposing to seek Shareholder approval to allow the Company to repay CEO Loan by way of the issue of new Shares at the issue price \$0.07 per Share<sup>19</sup>.
- Mr James has a minor and non-controlling interest in KTM Ventures CIS (the entity which, when considered together with KTM Ventures, has, at the date of this Prospectus, a total current Relevant Interest in approximately 7.06% of the Company's Shares). The Company does not consider that Mr James' small (non-controlling) ownership interest in KTM Ventures CIS (when coupled with the fact that Mr James is not a director or employee of either KTM Ventures or KTM Ventures CIS) gives rise to a Relevant Interest in the Company's Shares.

**5.10 Directors' remuneration**

The tables below set out the remuneration of the Company's Directors (and former directors) for the 2 financial years prior to the date of this Prospectus and for the current financial year to 31 December 2019 (noting that the remuneration of both Mr Rayment and Mr James (each of whom were appointed as Directors on 20 March 2020) is set out in paragraph (d) below):

**(a) 6 months to 31 December 2019**

<b>6 months to 31 December 2019</b>	<b>Short-term benefits</b>	<b>Post-employment</b>	<b>Other long-term benefits<sup>(A)</sup></b>	<b>Share-based payments</b>	<b>Total</b>
	<b>Salary</b>	<b>Super</b>		<b>Share options<sup>(B)</sup></b>	
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Executive Directors</b>					
Nicholas Armstrong <sup>(1)</sup>	80,000	7,600	18,462	85,317	<b>191,379</b>
<b>Non-Executive Directors</b>					
Michael Aston <sup>(2)</sup>	56,511	5,369	-	32,888	<b>94,769</b>
Martin Rogers <sup>(3)</sup>	16,667	-	-	-	<b>16,667</b>
Peter Lloyd <sup>(4)</sup>	22,831	2,169	-	-	<b>25,000</b>
Nathan Lynch <sup>(5)</sup>	2,940	279	-	-	<b>3,219</b>
<b>Total</b>	<b>178,949</b>	<b>15,417</b>	<b>18,462</b>	<b>118,205</b>	<b>331,033</b>

<sup>19</sup> The Company intends to seek Shareholder approval in accordance with ASX Listing Rule 10.11 within 2 months of the Closing Date to allow the CEO Loan to be repaid to Mr Rayment in the form of new Shares. Up to approximately 1.42 million new Shares may be issued by the Company to Mr Rayment if Shareholders approve the proposed "debt for equity swap".

**(b) Year ended 30 June 2019**

<b>Year ended 30 June 2019</b>	<b>Short-term benefits</b>	<b>Post-employment</b>	<b>Other long-term benefits<sup>(A)</sup></b>	<b>Share-based payments</b>	<b>Total</b>
	<b>Salary</b>	<b>Super</b>		<b>Share options<sup>(B)</sup></b>	
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Executive Directors</b>					
Nicholas Armstrong <sup>(1)</sup>	148,674	14,970	12,308	486,933	<b>662,885</b>
<b>Non-Executive Directors</b>					
Michael Aston <sup>(2)</sup>	75,125	7,137	-	65,776	<b>148,038</b>
Martin Rogers <sup>(3)</sup>	50,000	-	-	-	<b>50,000</b>
Peter Lloyd <sup>(4)</sup>	37,862	3,597	-	-	<b>41,459</b>
<b>Total</b>	<b>311,661</b>	<b>25,704</b>	<b>12,308</b>	<b>552,709</b>	<b>902,382</b>

**(c) Year ended 30 June 2018**

<b>Year ended 30 June 2018</b>	<b>Short-term benefits</b>	<b>Post-employment</b>	<b>Other long-term benefits</b>	<b>Share-based payments</b>	<b>Total</b>
	<b>Salary</b>	<b>Superannuation</b>	<b>(A)</b>	<b>Share options (B)</b>	
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Executive Directors</b>					
Nicholas Armstrong <sup>(1)</sup>	144,135				<b>144,135</b>

(A) In accordance with *AASB 119 Employee Benefits*, annual leave is classified as other long-term employee benefits.

(B) The fair value of share options is calculated at the date of grant using the Black Scholes options-pricing model and allocated to each reporting period from grant date to vesting date depending on the vesting conditions attached to the options. The value disclosed is the portion of the fair value of the options recognised as an expense in each reporting period.

(1) These Options are held via 275 Invest.

(2) These Options are held via M&M Funds Management Pty Ltd as trustee for <Savu Superannuation Fund> of which Michael Aston is a director of the trustee and beneficiary of the trust.

(3) Remuneration invoiced via Structure Investments Pty Ltd as trustee for Rogers Family Trust of which Martin Rogers is a director of the trustee and beneficiary of the trust. Mr Rogers resigned 8 October 2019.

(4) Mr Lloyd was appointed as a director of the Company on 4 September 2018. Mr Lloyd resigned on 20 March 2020.

(5) Mr Lynch was appointed as a director of the Company on 9 December 2019. Mr Lynch resigned on 20 March 2020.

## (d) Proposed remuneration of Mr Rayment and Mr James

### Mr John Rayment

While the short term and long term incentive components of Mr Rayment's remuneration package are yet to be finalised, Mr Rayment's annual salary is \$210,000 (exclusive of superannuation). Further detail in relation to the "at risk" component of Mr Rayment's remuneration package will be announced to ASX as soon as it has been finalised<sup>20</sup>.

### Mr Steve James

As a Non-Executive Director, Mr James is entitled to receive \$50,000 (inclusive of superannuation) per annum and is also entitled to be reimbursed all reasonable travel, hotel or other expense properly incurred by him in connection with the performance of his duties as a Non-Executive Director of the Company.

## 5.11 Material terms of the KTM Loan and the CEO Loan

The material terms of each of the KTM Loan, the CEO Loan and the Radium Loan are set out in the table below:

Term	KTM Loan <sup>21</sup>	CEO Loan <sup>22</sup>	Radium Loan
Outstanding amount	\$150,000	\$100,000	\$600,000 (plus interest)
Interest rate	Nil	Nil	1.25% per month
Repayment date	17 March 2021	17 March 2021	The date on which the Company receives the R&D Refund (which is expected to occur in October 2020)
Secured	Yes	Yes	Yes
Convertible	No	No	No

<sup>20</sup> Please note that either the Company, or Mr Rayment, may terminate Mr Rayment's CEO employment contract with the Company by giving 3 months' notice in writing.

<sup>21</sup> To the extent that there is sufficient Shortfall under the Entitlement Offer, it is proposed that the Company's obligation to repay the KTM Loan will be offset against KTM Ventures' total sub-underwriting commitment under the Entitlement Offer (which commitment is, as noted in the Chairman's Letter, approximately \$1.34 million). If there is insufficient Shortfall on completion of the Entitlement Offer to enable the KTM Loan to be offset against a proportion of KTM Ventures' total sub-underwriting commitment, the Company will seek Shareholder approval to issue KTM Ventures with such number of new Shares at the Issue Price of \$0.07 per Share as is required to extinguish the Company's repayment obligation under the KTM Loan. If Shareholder approval is not obtained by the Company, the Company will repay the outstanding balance on the KTM Loan in cash using part of the gross proceeds raised under the Entitlement Offer.

<sup>22</sup> As noted elsewhere in this Prospectus, rather than repaying the CEO Loan in cash, the Company intends, within 2 months of the completion of the Entitlement Offer, to seek Shareholder approval to issue Mr Rayment with such number of new Shares at the Issue Price of \$0.07 per Share as is required to extinguish the Company's repayment obligation under the CEO Loan. If approval is not granted at the proposed general meeting, the Company will repay the CEO Loan in cash using part of the gross proceeds raised under the Entitlement Offer.



## 5.12 Interests of advisers and costs of the Entitlement Offer

Other than as set out below or elsewhere in this Prospectus, no adviser involved in the preparation of this Prospectus (nor any firm in which any adviser is a partner), has held at any time in the past 2 years any interest in:

- the formation or promotion of the Company;
- any property acquired or proposed to be acquired by the Company in connection with its formation or in connection with the promotion or the Entitlement Offer; or
- the Entitlement Offer itself.

In addition, other than as set out below, no amounts (whether in cash or Shares or otherwise) have been paid or agreed to be paid and no benefits have been given or agreed to be given to any adviser (or any firm in which the adviser is a partner) for services rendered by the adviser, or the adviser's firm in connection with the promotion or formation of the Company or in connection with the Entitlement Offer:

- Gleneagle Securities (Aust) Pty Ltd has acted as underwriter to the Entitlement Offer. In relation to these services, the Company has agreed (subject to completion of the Entitlement Offer) to pay the Underwriter an underwriting fee of 6% of the Underwritten Amount and to grant the Underwriter with up to 10,000,000 Options depending on how much the Company ultimately raises under the Entitlement Offer<sup>23</sup>; and
- K&L Gates has acted as Australian legal adviser to the Company in relation to this Prospectus and the Entitlement Offer. In aggregate, the Company has paid or agreed to pay \$25,000 (exclusive of GST and disbursements) for these services to the date of this Prospectus. Further amounts may be paid to K&L Gates in accordance with their usual time based charge out rates.

## 5.13 Representations and warranties

By applying for Shares (and, Additional Shares, if applicable) under and in accordance with the requirements of this Prospectus, you (and each person on whose account you are acting), will be deemed to have:

- acknowledged that you have fully read (and understood) both this Prospectus and your personalised Entitlement and Acceptance Form in their entirety;
- acknowledged the matters and make the warranties and representations and agreements contained in this Prospectus and in your personalised Entitlement and Acceptance Form;
- agreed to be bound by the terms of the Entitlement Offer, the provisions of this Prospectus and the Constitution;
- authorised the Company to register you as the holder(s) of the new Shares issued to you on the Issue Date;
- declared that all details and statements in your personalised Entitlement and Acceptance Form are complete and accurate and not misleading in any material particular;
- declared that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under your personalised Entitlement and Acceptance Form;
- acknowledged that once the Company receives your personalised Entitlement and Acceptance Form (along with your Application Monies) or your Application Monies paid via BPAY®, you may not withdraw your Application except as permitted by law;

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<sup>23</sup> Subject to a minimum of 5 million Underwriter Options and a maximum of 10 million Underwriter Options, the precise number of Underwriter Options that the Company is required to grant the Underwriter depends on the amount actually raised by the Company under the Entitlement Offer. In this regard, the precise number of Underwriter Options to be granted to the Underwriter is determined in accordance with the following formula:  $X = \alpha \times (\beta \div \gamma)$  where **X** is the actual number of Underwriter Options to be granted to the Underwriter, **α** is 10,000,000, **β** is the number of Shares actually issued under the Entitlement Offer on the Issue Date (including, for the avoidance of doubt, any Shares issued to the Underwriter or the sub-underwriters on the Issue Date) and **γ** is 54,518,799. If, because the Company's available ASX Listing Rule 7.1 placement capacity is insufficient to enable it to grant the Underwriter with the complete number of Underwriter Options that it is required to pursuant to the preceding formula, the Company is obliged, on completion of the Entitlement Offer, to grant the Underwriter with such number of Underwriter Options that its available ASX Listing Rule 7.1 placement capacity will allow and then to seek Shareholder approval under ASX Listing Rule 7.1 so that it may grant the Underwriter with the requisite balance of Underwriter Options.

- agreed to apply for and be issued up to the number of Shares specified in your personalised Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies, at the Issue Price;
- authorised the Company, the Underwriter and the Share Registry and their respective officers or agents to do anything on your behalf necessary or desirable for Shares to be issued to you;
- acknowledged that the information contained in this Prospectus and on your personalised Entitlement and Acceptance Form is not investment advice or financial product advice and those documents have been prepared without taking into account your investment objectives, financial circumstances or particular needs or circumstances;
- acknowledged that neither this Prospectus or your personalised Entitlement and Acceptance Form (and nor anything contained in either of those documents) is a recommendation that an investment in Shares is suitable for you given your investment objectives, financial situation or particular needs;
- acknowledged that you have read and understood the statement of risks in Section 4 of this Prospectus and that any investment in the Company (including pursuant to an investment in Shares the subject of this Prospectus) is subject to a high degree of risk many of which are outside of the control of the Company;
- acknowledged that none of the Company, the Underwriter, or their respective related bodies corporate, affiliates or respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantee the performance of the Company, and nor do they guarantee the repayment of capital;
- authorised the Company to correct any errors in your personalised Entitlement and Acceptance Form or other form provided by you;
- represented and warranted that the law of any place does not prohibit you from being given this Prospectus, your personalised Entitlement and Acceptance Form, and nor does it prohibit you from applying for Shares under and in accordance with the requirements of this Prospectus; and
- represented and warranted that your acceptance of the Entitlement Offer does not breach any laws in a jurisdiction outside of Australia.

By applying for Shares (and, if applicable, Additional Shares) under and in accordance with the requirements of this Prospectus, you will also be deemed to have acknowledged, represented and warranted on your own behalf (and on behalf of each person on whose account you are acting) that you are an Eligible Shareholder and:

- you and each person on whose account you are acting are not a person to whom it would be illegal to make an offer of or issue of Shares (or Entitlements) under the Entitlement Offer under any applicable laws and regulations;
- neither the Shares, the Entitlements or the Entitlement Offer itself have been, or will be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the US, or in any other jurisdiction outside Australia and, accordingly, neither the Shares or the Entitlements may be offered, sold or otherwise transferred, except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;
- if in the future you decide to sell or otherwise transfer the Shares issued to you on the Issue Date you will only do so in regular way transactions on ASX where neither you nor any person acting on your behalf know, or have reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States; and
- if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is not an Ineligible Shareholder, and you have not sent this Prospectus, the Entitlement and Acceptance Form or any information relating to the Entitlement Offer to any such person.

## 5.14 Taxation

Set out below is a general summary of the potential Australian taxation implications of the Entitlement Offer for Eligible Shareholders who are residents of Australia for tax purposes and who hold their Shares (and will hold any new Shares (and, if applicable, Additional Shares) acquired under the Entitlement Offer) on the capital account.

The summary below does not deal with the tax implications for Eligible Shareholders who are not residents of Australia for tax purposes. It also does not deal with the tax implications for Eligible Shareholders who:

- hold their Shares as revenue assets or trading stock such as banks, insurance companies and taxpayers carrying on a business of share trading;
- acquired their Shares (and will acquire new Shares (and, if applicable, Additional Shares) under the Entitlement Offer) for the purposes of resale at a profit;
- acquired their Shares under an arrangement that constitutes an “employee share scheme” for Australian tax purposes; or
- are non-resident Shareholders that hold their Shares as an asset of a permanent establishment in Australia.

This summary is intended as a general guide only and is not an authoritative or complete statement of all potential taxation implications for each Eligible Shareholder. The summary below is not advice and should not be relied upon as such. It also does not take account of any individual circumstances of any particular Eligible Shareholder.

Taxation is a complex area of law and the taxation consequences for each Eligible Shareholder may differ depending on their own particular circumstances. Accordingly, Eligible Shareholders should seek specific advice applicable to their particular circumstances from their own financial or tax adviser.

The summary below is based on the law in effect as at the date of this Prospectus. Future changes in Australian taxation law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect the taxation treatment of acquiring, holding and disposing Shares.

### **Issue of Entitlements**

The issue of the Entitlements should not of itself result in any amount being included in the assessable income of an Eligible Shareholder. This is on the basis that the Entitlements should satisfy the requirements in section 59-40 of the Income Tax Assessment Act 1997 (Cth). The issue of the Entitlements should therefore be treated as non-assessable income and non-exempt income.

### **Entitlements not taken up**

Any Entitlement not taken up by an Eligible Shareholder will lapse and the Eligible Shareholder will not receive any consideration as a result of the expiration of the Entitlement. There is also no opportunity for Eligible Shareholders to sell their Entitlements either privately or on ASX. There should not be any tax implications for an Eligible Shareholder in these circumstances.

### **Acquiring new Shares under the Entitlement Offer**

Eligible Shareholders who exercise all or part of their Entitlement will acquire new Shares in the Company. For these Eligible Shareholders:

- there should be no immediate Australian taxation liability in respect of the exercise of an Entitlement by an Eligible Shareholder to acquire a new Share;
- the Entitlements will cease to exist and a CGT event will occur, but any capital gain or loss made on the exercise of the Entitlement should be disregarded for tax purposes;
- new Shares acquired as a result of exercising the Entitlements will be treated for CGT purposes as having been acquired on the day on which the Entitlements are exercised; and
- new Shares acquired under the Entitlement Offer should have a cost base for CGT purposes equal to the Issue Price plus certain non-deductible incidental costs incurred acquiring them.

### **Taxation of capital gains and losses on disposal of new Shares on ASX**

Eligible Shareholders may make a capital gain or a capital loss on a subsequent disposal of new Shares acquired under the Entitlement Offer, depending on whether the capital proceeds of that disposal are more than the cost base of those new Shares or less than the reduced cost base of those new Shares.

Any capital gain made from the disposal of Shares will be combined with any other capital gains an Eligible Shareholder has made for the income year. The total capital gains will then be reduced by any capital losses an Eligible Shareholder has made in the income year (or can deduct from a prior income year). The resulting net capital gain (if any) will consequently be included in the Eligible Shareholder's assessable income for the income year, subject to any available CGT discount.

A capital loss that arises on the disposal of new Shares may only be offset against an Eligible Shareholder's assessable capital gains (before taking into account the CGT discount, if applicable) for the current income year. Any excess capital loss may be applied against the Eligible Shareholder's future assessable capital gains (before taking into account the CGT discount, if applicable). A capital loss is not available to reduce other revenue or assessable income amounts.

#### **CGT Discount**

Any capital gain arising to Eligible Shareholders who are resident individuals and trusts (other than trusts that are complying superannuation funds) can generally be reduced by 50% (after first offsetting current year or prior year capital losses from other asset disposals) if they hold their new Shares for at least 12 months after those new Shares are acquired.

Eligible Shareholders which are complying superannuation funds, can generally reduce their capital gain by one-third (after first offsetting current year or prior year capital losses from other asset disposals) if they hold their new Shares for at least 12 months after those new Shares are acquired.

The CGT discount is not available to Eligible Shareholders that are companies.

New Shares will be treated for the purposes of the CGT discount as having been acquired when the Eligible Shareholder exercises the Entitlement to acquire new Shares.

#### **Other Australian taxes**

No goods and services tax (GST) is payable and no stamp duty should be payable in respect of the grant or exercise of the Entitlements or the acquisition of new Share under this Prospectus.

### **5.15 Litigation**

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

### **5.16 Governing law**

The Prospectus and the contracts that arise from the acceptance of the Entitlement Offer made under (and in accordance with the terms and conditions of) this Prospectus are governed by the law applicable in New South Wales, Australia and each Applicant under this Prospectus submits to the exclusive jurisdiction of the courts of New South Wales Australia.

## 6 Directors' authorisation

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

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

Signed for and on behalf of the Company on 30 March 2020.



**Nick Armstrong**  
**Chairman and Co-Founder**

## 7 Glossary

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Definitions used in this Prospectus are as follows:

**Applicant** means a person who has applied for Shares (and, if applicable, Additional Shares) under the Entitlement Offer by submitting their personalised Entitlement and Acceptance Form.

**Application** means an application for Shares (and, if applicable, Additional Shares) under the Entitlement Offer made by an Applicant.

**Application Monies** means the monies received from Applicants in respect of their Application.

**Associate** has the meaning given to that term in sections 11 to 17 (inclusive) of the Corporations Act.

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

**ASX Settlement** means ASX Settlement Pty Limited ACN 008 504 532.

**ASX Settlement Operating Rules** means the operating rules of ASX Settlement.

**AUSTRAC** means Australian Transaction Reports and Analysis Centre.

**Board** means the board of Directors.

**Business Day** means a day on which banks are open for business in Sydney, New South Wales and excludes a Saturday, Sunday or public holiday.

**Closing Date** means the date that the Entitlement Offer closes which is 5pm (Sydney time) on Friday, 24 April 2020 or such other time and date as the Company determines.

**Eligible Shareholder** has the meaning given to it in Section 2.2 (and includes, in certain limited instances at the discretion of the Company, a Shareholder who is also an Exempt Investor).

**Exempt Investor** means a person who is offered securities in circumstances that does not require disclosure under Chapter 6D of the Corporation Act.

**Exercise Price** means \$0.10 per Underwriter Option.

**Expiry Date** means the date which is the second anniversary of the Issue Date.

**GST** means Goods and Services Tax.

**Identitii Patent Application** means PCT Application WO2017027900A1.

**Official Quotation** has the definition given to that term in the ASX Listing Rules (noting that the terms **Quotation** and **Quoted** have a corresponding meaning).

**Opening Date** means the date that the Entitlement Offer opens which is Tuesday, 7 April 2020 or such other time and date as the Company determines.

**R&D Refund** means the approximately \$640,000 refund the Company is entitled to receive from the Australian Taxation Office for certain eligible research and development expenditures incurred by the Company.

**Related Party** has the meaning given to that term in section 228 of the Corporations Act.

**Relevant Interest** has the meaning given to that term in section 608 of the Corporations Act.

**Shareholder** means the registered holder of one (1) or more Shares.

**Trading Day** has the meaning given in the ASX Listing Rules.

**Underwriter Options** mean the options granted by the Company which gives the holder of the Underwriter Options the right but not the obligation to be issued with one (1) new Share per Underwriter Option exercised at any time on or before 5pm (Sydney time) on the Expiry Date and at the Exercise Price.

## Corporate directory

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<b>Registered office</b> Identitii Limited Level 2, 129 Cathedral Street Woolloomooloo NSW 2011 ABN 83 603 107 044	<b>Underwriter</b> Gleneagle Securities (Aust) Pty Ltd Level 27, 25 Bligh Street Sydney NSW 2000
<b>Directors</b> Mr Nicholas Armstrong, Chairman Mr John Rayment Mr Steve James	<b>Australian Legal Adviser</b> K&L Gates Level 31, 1 O'Connell Street Sydney NSW 2000
<b>Company Secretary</b> Ms. Elissa Hansen Email: <a href="mailto:elissa@identitii.com">elissa@identitii.com</a> Mobile: 0411 764 556	<b>Registry</b> Level 12 225 George Street Sydney NSW 2000 Telephone: (02) 9290 9600
<b>Securities Exchange Listing</b> The Company is admitted to the official list of, and its Shares are quoted on, ASX (ASX: ID8)	<b>Website</b> <a href="http://www.identitii.com">www.identitii.com</a>

**NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES**
**NON-RENOUNCEABLE ENTITLEMENT OFFER  
ENTITLEMENT AND ACCEPTANCE FORM**

Entitlement No.	
Subregister	
SRN/HIN	
Number of Shares held at 7pm (Sydney time) on the Record Date	

**CLOSING DATE:** Friday, 24 April 2020 at 5pm (Sydney time)

This is an important document and requires your immediate attention. This Entitlement and Acceptance Form can only be used in relation to the security holding represented by the SRN or HIN printed above. If you are in any doubt about how to deal with this personalised Entitlement and Acceptance Form, please consult your financial or other professional adviser.

You should read the Prospectus dated 30 March 2020 (Prospectus) that accompanies this Entitlement and Acceptance Form for details of the Entitlement Offer and other important information. Capitalised words used but not otherwise defined in this Entitlement and Acceptance Form have the meaning given to them in the Prospectus.

You do not need to return this Entitlement and Acceptance Form if you pay by BPAY®.

**A Offer acceptance**

The return and receipt of this Entitlement and Acceptance Form with your Application Monies by the Closing Date or payment via BPAY® by the Closing Date will constitute acceptance of your Entitlement (or part of it) on the terms and conditions set out in the Prospectus (**Application**).

If you wish to accept your **FULL ENTITLEMENT** please complete and return this Entitlement and Acceptance Form **WITH YOUR PAYMENT FOR THE AMOUNT SHOWN BELOW**.

Entitlement to Shares on the basis of 1 new Share for every 1 Share held	Price per new Share	Amount payable on full acceptance of Entitlement at A\$0.07 per Share
	A\$0.07 per Share =	A\$

If you wish to accept **PART OF YOUR ENTITLEMENT ONLY** please complete the box below showing the **NUMBER OF SHARES BEING ACCEPTED** and the appropriate amount payable.

Number of new Shares being accepted	Price per new Share	Amount payable at A0.07 per Share
	A\$0.07 per new Share =	A\$

**B Apply for Shortfall Shares (if available)**

If you wish to apply for Shares in excess of your Entitlement noted above, please insert the number of Additional Shares you wish to apply for in the box below and the appropriate amount payable. Additional Shares will only be issued to you if available and will be at the discretion of the Company.

Number of Additional Shares Applied for	Price Per Share	Amount payable at A\$0.07 per Additional Share
	\$0.07 per Additional Share =	A\$

**C Payment**

Payment may only be made by BPAY®, cheque, bank draft or money order. Cash will not be accepted. Payments cannot be made at a bank.

**Payment Option 1 - BPAY®**


**Bill Code:**  
**CRN:**

**Telephone & Internet Banking - BPAY®**

Contact your bank, credit union or building society to make payment from your account.

More info: [www.bpay.com.au](http://www.bpay.com.au)

® Registered to BPAY Ltd ABN 69 079 137 518

- To pay via BPAY® please contact your participating financial institution.
- If paying by BPAY® you do NOT need to return this Entitlement and Acceptance Form.



## Payment Option 2 – Cheque

DRAWER	CHEQUE NO.	BSB NO.	ACCOUNT NO.	AMOUNT
				A\$

- Only cheques, bank drafts or money orders in Australian dollars and drawn on an Australian branch of a financial institution will be accepted.
- Your cheque, bank draft or money order must be made payable to “**Identitii Limited**” and crossed “**Not Negotiable**”.
- Please ensure that you submit the correct amount. Incorrect payments may result in your Application being rejected.

## D Contact details

You do not have to provide us with your contact details, however it will assist us if we need to contact you.

CONTACT NAME	TELEPHONE WORK	TELEPHONE HOME	EMAIL ADDRESS
	( )	( )	

## LODGEMENT INSTRUCTIONS AND OTHER IMPORTANT INFORMATION

ID8 will treat you as applying for as many Shares as your payment will pay for in full up to your Entitlement and, in respect of any amounts received by ID8 in excess of the value of your full Entitlement (**Excess Amount**), may treat your Application as applying for as many Additional Shares as your Excess Amount will pay for in full, subject to any scale back that the Company may decide to implement in its absolute discretion in respect of Additional Shares. You cannot withdraw your Application once it has been accepted.

### 1 BPAY®

If paying by BPAY®, you do not need to return this Entitlement and Acceptance Form. For more information go to: [www.bpay.com.au](http://www.bpay.com.au). Refer to the front of this Entitlement and Acceptance Form for the Biller Code and Customer Reference Number (CRN). You should check the processing cut-off time for BPAY® transactions with your bank, credit union or building society to ensure that your payment will be received by the Share Registry in time as the cut-off time administered by your relevant financial institution might be earlier than 5pm on the Closing Date. Payments by BPAY® must be received **by no later than 5pm (Sydney time) on Friday, 24 April 2020.**

### 2 Cheque, bank draft or money order

Complete your cheque, bank draft or money order details in **Part C** of this Entitlement and Acceptance Form. Please ensure that sufficient cleared funds are held in your account, as your cheque, bank draft or money order will be processed on the day of receipt, but no later than the Closing Date. If you are paying by cheque, bank draft or money order, you must post your completed Entitlement and Acceptance Form and payment to:

**Identitii Limited Entitlement Offer**  
**C/- Boardroom Pty Limited**  
**GPO Box 3993**  
**SYDNEY NSW 2001**

Neither Boardroom Pty Limited nor ID8 accepts any responsibility if you do not lodge this Entitlement and Acceptance Form in accordance with the instructions on it. A reply-paid envelope is enclosed for all Eligible Shareholders. If you are paying by cheque, bank draft or money order, your Entitlement and Acceptance Form and payment must be received **by no later than 5pm (Sydney time) on Friday, 24 April 2020.**

### Important Notices

The Prospectus and this Entitlement and Acceptance Form do not constitute an offer of securities in any jurisdiction outside of Australia. The Prospectus and this Entitlement and Acceptance Form do not constitute an offer or invitation to acquire the Entitlements, Shares (and Additional New Shares, if applicable) in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation. By applying for Shares (and Additional Shares, if applicable), you represent and warrant that your Application does not breach any law in any relevant jurisdiction outside Australia.

### Acceptance of Entitlement Offer

- By either returning this Entitlement and Acceptance Form with payment to the Share Registry, or making payment by BPAY®:
- you represent and warrant that you have read and understood the Prospectus and that you acknowledge the matters, and make the warranties and representations in the Prospectus; and
  - you provide authorisation to be registered as the holder of Shares (and Additional Shares, if applicable) acquired by you and agree to be bound by the constitution of Identitii Limited.

### Privacy Statement

Boardroom Pty Limited advises that Chapter 2C of the *Corporations Act 2001* (Cth) requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on this Entitlement and Acceptance Form. Our privacy policy is available on our website (<http://www.boardroomlimited.com.au/privacy.html>).

**For further information regarding this Entitlement and Acceptance Form or the Entitlement Offer please contact Boardroom on 1300 737 760 within Australia, or +61 2 9290 9600 outside Australia from 8.30am to 5pm (Sydney time) Monday to Friday during the Entitlement Offer Period. For other questions you should contact your stockbroker, solicitor, accountant or other professional adviser.**