

# CONNECTED IO LIMITED

(ACN 009 076 233)

## Prospectus

### Entitlement Offer

For a non-renounceable, pro rata entitlement offer of approximately 710,332,841 New Shares on the basis of 4 New Shares for 5 Shares held by Eligible Shareholders on the Entitlement Offer Record Date at an issue price of \$0.003 per New Share, to raise approximately \$2,130,999 before costs ("**Entitlement Offer**").

### Placement Offer

For an offer of 133,187,407 New Shares to the Placement Recipients at an issue price of \$0.003 per New Share to raise \$399,562 before costs ("**Placement Offer**").

### Underwriting

The Entitlement Offer is fully underwritten by 708 Capital Pty Ltd.

### IMPORTANT NOTICE

This Prospectus is a transaction specific prospectus issued in accordance with section 713 of the Corporations Act. This is an important document that should be read in its entirety. Please read the instructions in this Prospectus and on the accompanying Acceptance Forms regarding acceptance of the Offer. If you do not understand this document you should consult your stockbroker, lawyer, accountant or other professional adviser without delay. The New Shares offered under this Prospectus should be considered speculative.

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# IMPORTANT INFORMATION

## General

The Prospectus is dated 24 August 2018 and a copy of this Prospectus was lodged with ASIC on that date. ASIC and ASX do not take any responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates.

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

Within 7 days of the date of this Prospectus, the Company will make an application to ASX for the New Shares offered pursuant to this Prospectus to be admitted for quotation on ASX. No securities will be issued pursuant to this Prospectus later than 13 months after the date of this Prospectus.

## Electronic Prospectus

In addition to issuing the Prospectus in printed form, a read-only version of the Prospectus is also available on the Company's website at [www.connectedio.com.au](http://www.connectedio.com.au). Applications cannot be made online. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia. The Corporations Act prohibits any person passing onto another person an Acceptance Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered electronic version of this Prospectus.

## Applications for New Shares

Please read the instructions in Section 3.4 and on the accompanying Acceptance Forms regarding acceptance of the Offers.

By returning a completed Offer Acceptance Form, making a payment for New Shares by BPAY®, or otherwise applying for New Shares in accordance with the instructions on the Offer Acceptance Form, the applicant acknowledges that it has received and read this Prospectus, has acted in accordance with the terms of the Offers, agrees to all of the terms and conditions set out in this Prospectus and makes the statements set out in the Offer Acceptance Form.

## Risk factors

Before deciding to invest in the Company, Eligible Shareholders should read the entire Prospectus. In considering the prospects for the Company, Eligible Shareholders should consider the assumptions underlying the prospective financial information and the risk factors set out in Section 5 that could affect the performance of the Company. Eligible Shareholders should carefully consider these factors in light of personal circumstances (including financial and taxation issues) and seek professional advice from a stockbroker, accountant or other independent financial adviser before deciding to invest.

## 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 are not incorporated into this Prospectus and do not constitute part of the 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 or not to invest in the Company.

## Offer restrictions

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

## Representations

No person is authorised to give any information or to make any representation in relation to the Offers which is not contained in this Prospectus. Any information or representation not so contained may not be relied upon as having been authorised by

the Company or the Directors in relation to the Offer.

### **Forward-looking statements**

This Prospectus contains forward-looking statements which incorporate an element of uncertainty or risk, such as 'intends', 'may', 'could', 'believes', 'estimates', 'targets' or 'expects'. These statements are based on an evaluation of current economic and operating conditions, as well as assumptions regarding future events. These events, as at the date of this Prospectus, are expected to take place, but there is no guarantee that such will occur as anticipated or at all given that many of the events are outside the Company's control.

Accordingly, the Company cannot and does not give any assurance that the results, performance

or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur. Further, the Company may not update or revise any forward-looking statement if events subsequently occur or information subsequently becomes available that affects the original forward-looking statement.

### **Interpretation**

A number of terms and abbreviations used in this Prospectus have defined meanings which are set out in Section 8.

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

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

# CORPORATE DIRECTORY

## Directors

Jason Ferris (Executive Chairman)  
Yakov Temov (Managing Director)  
Blaise Thomas (Non-Executive Director)

## Company Secretary

Nicki Farley

## Registered Office

c/- Trident Capital  
Level 24, 44 St Georges Terrace  
Perth WA 6000

## Share Registry

Computershare Investor Services Pty Limited  
Level 11, 172 St Georges Terrace  
Perth WA 6000

## Auditor (for information purposes only)

HLB Mann Judd  
Level 4, 130 Stirling Street  
Perth WA 6000

## Legal Adviser

Price Sierakowski Corporate  
Level 24, 44 St Georges Terrace  
Perth WA 6000

## ASX Code

CIO

## Website

[www.connectedio.com.au](http://www.connectedio.com.au)

## 1. TIMETABLE

The timetable for the Offers is as follows:

Event	Date
Announcement of Offer	22 August 2018
Appendix 3B lodged with ASX Prospectus lodged with ASX and ASIC	22 August 2018
Prospectus lodged with ASX and ASIC	24 August 2018
Notice sent to Shareholders	28 August 2018
'Ex' date	29 August 2018
Entitlement Offer Record Date (5.00pm (WST))	30 August 2018
Prospectus and Offer Acceptance Form dispatched to Eligible Shareholders and Placement Recipients	4 September 2018
Opening Date	4 September 2018
Lodgement of Notice of Meeting	7 September 2018
Last day to extend the Closing Date of Entitlement Offer	18 September 2018
Closing Date for acceptances and receipt of application under the Offers at 5.00pm (WST)	21 September 2018
Deferred settlement trading commences	24 September 2018
ASX notified of under-subscriptions	26 September 2018
Issue of New Shares under Entitlement Offer and deferred settlement trading ends	1 October 2018
Shareholders Meeting	9 October 2018

**Note:**

All dates (other than the date of lodgment of the Prospectus with ASX and ASIC) are indicative only. The Company reserves the right, subject to the Corporations Act, the ASX Listing Rules and other applicable laws, to vary the dates of the Entitlement Offer, including extending the Closing Dates or accepting late acceptances, either generally or in particular cases, without notice.

## 2. DETAILS OF THE OFFERS

### 2.1 Structure of the Offers

#### Entitlement Offer

Under the Entitlement Offer, approximately 710,332,841 New Shares are being offered at an issue price of \$0.003 each to raise up to approximately \$2,130,999 (before costs). Each Eligible Shareholder has the opportunity to subscribe for 4 New Shares for every 5 Shares held on the Entitlement Offer Record Date. Entitlements under the Entitlement Offer will be rounded to the nearest whole number and are subject to the eligibility requirements in Section 2.3.

Eligible Shareholders are being sent this Prospectus together with a personalised Entitlement Offer Acceptance Form and are invited to apply for New Shares. The Entitlement Offer opens on 4 September 2018 and closes at 5.00pm (WST) on 21 September 2018.

#### Placement Offer

Under the Placement Offer, 133,187,407 New Shares are being offered to the Placement Recipients at an issue price of \$0.003 each to raise up to \$399,562 (before costs).

Placement Recipients are being sent this Prospectus together with a personalised Placement Offer Acceptance Form and are invited to apply for New Shares. The Placement Offer opens on 4 September 2018 and closes at 5.00pm (WST) on 21 September 2018.

### 2.2 Purpose of the Offers

The purpose of the Offers is to raise approximately \$2,530,560 (before costs) to enable the Company to accelerate anticipated US customer growth, for working capital and costs of the Offer.

Assuming that the Offers are fully subscribed (on the basis that the Entitlement Offer is fully underwritten), the funds raised under the Offers are planned to be used in accordance with the table set out below:

Use of funds	Amount
Sales and Marketing	\$639,000
Research and Development	\$467,500
Manufacturing Expenses	\$762,000
Working Capital	\$461,560
Expenses of the Offers	\$200,500
<b>Total</b>	<b>\$2,530,560</b>

#### Note:

Working capital may include wages, payments to contractors, rent and outgoings, insurance, accounting, audit, legal and listing fees, payments to creditors, interest payments, other items of a general administrative nature and cash reserves which may be used in connection with the Company's activities, as determined by the Board at the relevant time.

The above table is a statement of the Board's current intention as at the date of this Prospectus. However, Shareholders should note that, as with any budget, the allocation of funds set out in the

above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

## **2.3 Eligible Shareholders**

### **Entitlement Offer**

Eligible Shareholders for the purposes of the Entitlement Offer are those persons who:

- are registered as a holder of Shares as at 5.00pm (WST) on the Entitlement Offer Record Date; and
- have a registered address in Australia, New Zealand or Mauritius.

## **2.4 Issue Outside Australia and New Zealand**

The Prospectus does not constitute an offer in any jurisdiction where, or to any person to whom, it would not be lawful to issue this Prospectus or make such an offer. No action has been taken to register or qualify the New Shares or the Offers or otherwise to permit an offering of the New Shares in any jurisdiction outside of Australia and New Zealand.

Where the Prospectus has been dispatched to Shareholders domiciled outside Australia or New Zealand and where that country's securities code or legislation prohibits or restricts in any way the making of the Offers contemplated by this Prospectus, then the Prospectus and accompanying Offer Acceptance Form are provided for information purposes only.

The Offers made to Eligible Shareholders or Placement Recipients with registered addresses in New Zealand is made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand)*.

It is the responsibility of any Applicant to ensure compliance with any laws of a country relevant to their application. The return of a duly completed Offer Acceptance Form will be taken by the Company as a representation and warranty by the Applicant that there has been no breach of such laws and that the Applicant is an Eligible Shareholder or Placement Recipient.

### **Mauritius**

In accordance with The Securities Act 2005 of Mauritius, no offer of New Shares may be made to the public in Mauritius without the prior approval of the Mauritius Financial Services Commission. Accordingly, the Offers are being made on a private placement basis only and does not constitute a public offering. As such, this document has not been approved or registered by the Mauritius Financial Services Commission and is for the exclusive use of the person to whom it is addressed. The document is confidential and should not be disclosed or distributed in any way without the express written permission of the Company.

## **2.5 Ineligible Shareholders under the Entitlement Offer**

Shareholders who are not Eligible Shareholders are Ineligible Shareholders.

The Company has determined, in reliance on ASX Listing Rule 7.7.1, that it would be unreasonable to extend the Offer to Ineligible Shareholders, having regard to:

- the small number of Ineligible Shareholders;



- the small number and value of the New Shares which would be offered to Ineligible Shareholders if they were Eligible Shareholders; and
- the cost of complying with the legal and regulatory requirements in the respective overseas jurisdictions.

Accordingly, the Entitlement Offer is not being extended to any Shareholders outside Australia, New Zealand and Mauritius. The Company will notify all Ineligible Shareholders of the Entitlement Offer and advise that the Company is not extending the Entitlement Offer to those Shareholders.

## **2.6 No rights trading**

Entitlements under the Offers are non-renounceable and accordingly cannot be traded on the ASX or any other stock exchange, or privately transferred.

## **2.7 Minimum subscription**

There is no minimum level of subscription for either Offer.

## **2.8 Ranking of New Shares**

New Shares to be issued pursuant to the Offers will be issued on a fully paid basis and will rank equally in all respect with existing Shares. A summary of the rights and liabilities attaching to the Shares is set out in Section 6.3.

## **2.9 Underwriting**

The Entitlement Offer is fully underwritten by 708 Capital Pty Ltd. Details of the Underwriting Agreement are contained in Section 6.4.

## **2.10 Issue of New Shares**

The issue of New Shares under this Prospectus will occur in accordance with the timetable set out in Section 1. Upon New Shares being issued under each Offer, holding statements will be issued to applicants as required by ASX. It is the responsibility of applicants to determine their allocation prior to trading in the New Shares. Applicants who sell their New Shares before they receive their holding statement will do so at their own risk.

## **2.11 Application Monies**

All Application Monies for New Shares to be issued pursuant to the Offers will be held in the Application Account on behalf of applicants until the New Shares are issued or, if the New Shares are not issued, until the Application Monies are returned to applicants. All interest earned on Application Monies (including those which do not result in the issue of New Shares) will be retained by the Company.

Any Applications Monies received for more than an applicant's final allocation of New Shares and Additional New Shares (if any) will be refunded as soon as practicable after the Closing Date.

If the New Shares are not issued to an applicant, a cheque will be drawn and the relevant Application Monies will be refunded as soon as practicable after the Closing Date.

## **2.12 ASX quotation**

On the same date as announcing the Offers, the Company applied to the ASX for the New Shares to be issued pursuant to this Prospectus to be listed for official quotation by the ASX. If granted, quotation of the New Shares will commence as soon as practicable after allotment of the New Shares

to applicants. It is the responsibility of the applicants to determine their allocation of New Shares prior to trading.

If approval for quotation of the New Shares to be issued under the Offers is not granted within 3 months after the date of this Prospectus, the Company will not issue any New Shares and will repay all Application Monies without interest as soon as practicable.

### **2.13 CHESS**

The Company participates in the Clearing House Electronic Subregister System ("**CHESS**"). ASX Settlement Pty Ltd ("**ASX Settlement**"), a wholly-owned subsidiary of ASX, operates CHESS in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules.

ASX Settlement will send a CHESS statement to Shareholders who are broker sponsored following the completion of each Offer. Each CHESS statement will set out the number of New Shares issued to the Shareholder under this Prospectus, and provide details of the Shareholder's holder identification number and the participant identification number of the sponsor. CHESS allotment advices will be sent by the Share Registry.

The Share Registry will send a statement to Shareholders who are registered on the Issuer Sponsored sub-register following the completion of each Offer. Each statement will contain the number of New Shares issued to the Shareholder under this Prospectus and the Shareholder's security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes.

### **2.14 Privacy disclosure**

Persons who apply for New Shares under this Prospectus are 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 security holders 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. In accordance with privacy laws, information collected in relation to specific Shareholders can be obtained by that Shareholder through 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 Offers 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.

### 3. HOW TO APPLY

This Section 3 sets out the choices for an Eligible Shareholder or Placement Recipient with respect to applying for New Shares under the Offers.

Please refer to Section 2.3 to determine who is an Eligible Shareholder.

#### 3.1 Choices available

Eligible Shareholders or Placement Recipients may do any of the following:

- take up all or part of their entitlement under the Offers (as applicable) (refer to Section 3.2); or
- do nothing (refer to Section 3.3).

The Entitlement Offer is a non-renounceable pro rata offer to Eligible Shareholders and is fully underwritten by 708 Capital Pty Ltd. Eligible Shareholders who take up their entitlement in full will not have their percentage shareholding in the Company diluted by the Entitlement Offer. The percentage shareholdings of Eligible Shareholders who do not take up all of their entitlement will be diluted. For further details on the effects of the Offers, please refer to Section 0.

#### 3.2 Take up all or part of entitlements

Eligible Shareholders or Placement Recipients who wish to take up all or part of their entitlement under the Offers should complete the Offer Acceptance Form in respect of the number of New Shares they wish to subscribe for and arrange for payment of the Application Monies in accordance with Section 3.4.

#### 3.3 Allow all or part of entitlement to lapse

If Eligible Shareholders or Placement Recipients decide not to accept all or part of their entitlement to New Shares, or fail to accept by the Closing Date, the part of their entitlement not accepted will lapse. The New Shares not subscribed for under the Entitlement Offer will form part of a shortfall to be applied in accordance with the terms of the Underwriting Agreement (refer to Section 6.4).

Eligible Shareholders should note that if they do not take up their entitlement then although they will continue to own the same number of Shares, their percentage holding in the Company will be reduced.

#### 3.4 Making an application

Eligible Shareholders or Placement Recipients have two payment options in order to take up their entitlement under the Offers.

**Option 1: Submit a completed Offer Acceptance Form together with a cheque, bank draft or money order.**

To follow option 1, applicants should:

- complete the personalised Offer Acceptance Form accompanying this Prospectus in accordance with the instructions set out on that form, and indicate the number of New Shares they wish to subscribe for; and
- return the form to the Share Registry (address details below) together with a cheque, bank draft or money order which must be:

- in respect of the full Application Monies (being \$0.003 multiplied by the number of New Shares they wish to subscribe for); and
- in Australian currency drawn on an Australian branch of a financial institution; and
- made payable to 'Connected IO Limited – Application Account' and crossed 'Not Negotiable'.

Applicants should ensure that sufficient funds are held in the relevant account(s) to cover the Application Monies. If the amount of the cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay for the number of New Shares applied for in the Offer Acceptance Form in full, the applicant will be taken to have applied for the lower number of whole New Shares as the cleared Application Monies will pay for (and to have specified that number of New Shares in the Offer Acceptance Form). Alternatively, the Offer Application will be rejected.

Cash payments will not be accepted. Receipts for payment will not be issued.

Applicants need to ensure that their completed Offer Acceptance Form and cheque, bank draft or money order reaches the Share Registry at the address below by no later than 5.00pm (WST) on 21 September 2018.

Completed Offer Acceptance Forms should be returned to the Share Registry at the following address:

By mail:

**Computershare Investor Services Pty Limited  
GPO BOX 505 Melbourne Victoria 3001 Australia**

Offer Acceptance Forms (and payment of Application Monies in regards to the Offers) may not be accepted if received after 5.00pm (WST) on 21 September 2018.

### **Option 2: Pay via BPAY® payment**

To follow option 2, applicants should pay the full Application Monies, being \$0.003 multiplied by the number of New Shares comprising their, or, if subscribing for only part of their entitlement, the number of New Shares the applicant wishes to subscribe for, via BPAY® payment in accordance with the instructions set out on the personalised Offer Acceptance Form (which includes the biller code and the applicant's unique customer reference number). Applicants can only make a payment via BPAY® if they are the holder of an account with an Australian financial institution.

Please note that if payment is made by BPAY®:

- the applicant does not need to submit the personalised Offer Acceptance Form but is taken to make the statements on that form; and
- if the applicant subscribes for less than its entitlement or does not pay for its full entitlement, the applicant is taken to have taken up its entitlement in respect of such whole number of New Shares which is covered in full by the Application Monies.

Applicants need to ensure that their BPAY® payment is received by the Share Registry by no later than 5.00pm (WST) on 21 September 2018. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the applicant to ensure that funds are submitted through BPAY® by the date and time mentioned above.

## **3.5 Effect of making an application**

Returning a completed Offer Acceptance Form or making a BPAY® payment will be taken to constitute a representation by the applicant that it:

- has received a printed or electronic copy of this Prospectus accompanying the form and has read it in full;
- agrees to be bound by the terms of this Prospectus and the Constitution;
- makes the representations and warranties in this Section 3.5 of this Prospectus and confirms its eligibility in respect of an offer of New Shares under the Offers;
- declares that all details and statements in the Offer Acceptance Form are complete and accurate;
- declares that it is over 18 years of age and has full legal capacity and power to perform all of its rights and obligations under the Offer Acceptance Form;
- acknowledges that once the Offer Acceptance Form is returned or a BPAY® payment is made its acceptance may not be withdrawn;
- agrees to being issued the number of New Shares it applies for at the offer price under the Offers it applies for at the offer price;
- authorises the Company to register it as the holder(s) of the New Shares issued to it;
- acknowledges that the information contained in this Prospectus is not investment advice or a recommendation that the New Shares are suitable for it, given its investment objectives, financial situation or particular needs; and
- authorises the Company and its officers or agents to do anything on its behalf necessary for New Shares to be issued to it, including correcting any errors in its Offer Acceptance Form or other form provided by it and acting on instructions received by the Share Registry using the contact details in the Offer Acceptance Form.

### **3.6 Enquiries**

This document is important and should be read in its entirety. Shareholders who are in any doubt as to the course to follow should consult their stockbroker, lawyer, accountant or other professional adviser without delay.

Shareholders who:

- have questions relating to the calculation of their entitlement;
- have questions on how to complete an Acceptance Form or take up their entitlements; or
- have lost an Acceptance Form and would like a replacement form,

should call 08 6211 5099 between 8.30am to 5.00pm (WST) Monday to Friday during the Offer period.

## 4. EFFECT OF THE OFFERS

### 4.1 Effect of the Offers

Assuming full subscription under the Offers, the potential effect of the Offers will be that:

- cash reserves will increase by approximately \$2,330,060 (after costs); and
- the number of fully paid ordinary shares on issue will increase from 887,916,052 Shares to approximately 1,731,436,300 Shares.

Shareholders should note that due to rounding of entitlements under the Entitlement Offer on the Entitlement Offer Record Date, among other things, the exact number of New Shares to be issued will not be known until completion of the Entitlement Offer.

### 4.2 Capital structure

A comparative table of changes in the capital structure of the Company as a consequence of the Offers is set out below, assuming that the Offers are fully subscribed:

Ordinary shares	Shares
On issue at the date of this Prospectus	887,916,052
Offered pursuant to the Entitlement Offer	710,332,841
Offered pursuant to the Placement Offer	133,187,407
<b>Total ordinary shares on issue after the Offers</b>	<b>1,731,436,300<sup>1</sup></b>

**Note:**

1. As announced on 22 August 2018, the Company proposes to obtain shareholder approval for the conversion of up to \$140,000 owed to Directors into 46,666,666 Shares at an issue price of \$0.003 per Share.

### 4.3 Effect of the Offers on control

#### Entitlement Offer

(a) General

The Entitlement Offer is a pro rata offer so that if all Eligible Shareholders take up their entitlements, the voting power of all Eligible Shareholders will remain the same. In that event, there will be no actual or potential effect or consequences arising from the Entitlement Offer on control of the Company other than the dilution of any Ineligible Shareholders who are unable to participate in the Entitlement Offer.

The proportional shareholdings of Eligible Shareholders who do not take up their entitlements in full will be diluted.

The proportional shareholdings of Ineligible Shareholders will be diluted as those Shareholders are not entitled to participate in the Entitlement Offer

(b) The Underwriter

The Entitlement Offer is fully underwritten by 708 Capital Pty Ltd (“**Underwriter**”) (see Section 6.4 for further details).

The Underwriter is not presently a shareholder of the Company nor a related party of the Company for the purposes of the Corporations Act and the extent to which Shares are issued pursuant to the underwriting will increase the Underwriter’s voting power in the Company.

The table below sets out the results of various scenarios based on varying levels of participation in the Entitlement Offer and their approximate effect on the Relevant Interests and voting power of the Underwriter.

Subscription %	Shortfall	Underwriter	
		Relevant Interest	Voting Power
<b>At the date of this Prospectus</b>			
N/A	N/A	-	-%
<b>At completion of the Entitlement Offer</b>			
100%	Nil	0	0%
75%	25%	177,583,210.25	10.26%
50%	50%	355,166,420.50	20.51%
25%	75%	532,749,630.75	30.77%
Nil	100%	710,332,841.00	41.02%

The number of Shares in which the Underwriter has a Relevant Interest in the table above shows the potential effect of the Underwriter’s underwriting of the Offer. However, it is unlikely that no Shareholders will take up entitlements under the Entitlement Offer. The underwriting obligation and therefore voting power of the Underwriter will reduce by a corresponding amount for the amount of entitlements taken up under the Entitlement Offer by Eligible Shareholders. The Underwriter has also indicated to the Company that it intends to enter into sub-underwriting agreements with unrelated third parties on terms to be agreed. All sub-underwriting fees will be paid by the Underwriter from its underwriting fee.

As the Company does not propose to apply to ASIC for approval of the appointment of a nominee for the purposes of section 615 of the Corporations Act, no person will be permitted to acquire New Shares under the Entitlement Offer to the extent that such acquisition results in that person holding a relevant interest exceeding 20% of the issued share capital of the Company on a post Entitlement Offer basis.

The Company and the Underwriter have confirmed that no sub-underwriter or existing Shareholder of the Company will increase its shareholding to above 19.99% as a result of the Offers.

The implementation of the Underwriter current intentions in relation to their ownership interest in the Company will be subject to the law (including the Corporations Act), the Listing Rules and the Company’s Constitution.

### **Placement Offer**

The Placement Offer is open to certain investors by invitation of the Company, however, the Company will not issue Shares under the Placement Offer to related parties of the Company or any other person if the issue would breach the takeover prohibition in section 606 of the Corporations Act. Therefore, it is not anticipated that the Placement Offer will have a material effect on control.

#### **4.4 Pro forma statement of financial position**

Set out on the following page is the audit reviewed statement of financial position for the Company at 31 December 2017, and pro forma statement of financial position at 31 December 2017. The unaudited pro forma statement of financial position has been prepared on the basis and assumption that there have been no material movements in the assets and liabilities of the Company between 31 December 2017 and completion of the Offers other than:

- (a) the issue of 710,332,841 New Shares through the Entitlement Offer to raise \$2,130,999 before costs;
- (b) the issue of 133,187,407 New Shares through the Placement Offer to raise \$399,562 before costs;
- (c) the estimated expenses of the Offers is approximately \$200,500, which amounts are shown as a deduction against issued capital; and
- (d) increase to creditors (\$1.12 million), decrease in cash (\$1.36 million) and increase in borrowings (\$90,000) from 31 December 2017 to 30 June 2018.

The significant accounting policies upon which the consolidated statement of financial position and the pro forma consolidated statement of financial position are based are contained in the audited interim financial report for the half-year ended 31 December 2017.



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>Reviewed Actual</b>	<b>Reviewed Pro-forma</b>
	<b>31-Dec-17</b>	<b>31-Dec-17</b>
	<b>\$</b>	<b>\$</b>
<b>Current Assets</b>		
Cash assets	1,425,704	2,399,698
Trade and other receivables	128,952	128,952
Other assets	902,374	902,374
<b>Total current assets</b>	<b>2,457,030</b>	<b>3,431,024</b>
<b>Net Current Assets</b>		
Property, plant & equipment	37,118	37,118
Goodwill	2,418,610	2,418,610
Other assets	13,951	13,951
<b>Total non-current assets</b>	<b>2,469,679</b>	<b>2,469,679</b>
<b>Total assets</b>	<b>4,926,709</b>	<b>5,900,703</b>
<b>Current Liabilities</b>		
Trade and other payables	546,013	1,667,997
Borrowings	1,280,000	1,370,000
Convertible note		-
<b>Total Current liabilities</b>	<b>1,826,013</b>	<b>3,037,997</b>
<b>Total liabilities</b>	<b>1,826,013</b>	<b>3,037,997</b>
<b>Net Assets</b>	<b>3,100,696</b>	<b>2,862,706</b>
<b>Equity</b>		
Contributed equity	66,332,919	68,662,979
Reserves	1,263,363	1,263,363
Accumulated losses	(64,495,586)	(67,063,636)
<b>Total Equity</b>	<b>3,100,696</b>	<b>2,862,706</b>

## 5. RISK FACTORS

As with any share investment, there are risks associated with an investment in the Company. The numerous risk factors are both of a specific and a general nature. Some can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated.

Section 5 identifies the major areas of risk associated with an investment in the Company, but should not be taken as an exhaustive list of the risk factors to which the Company and its Shareholders are exposed. Potential investors should read the entire Prospectus and consult their stockbroker, lawyer, accountant or other professional adviser before deciding whether to apply for New Shares.

### 5.1 Specific risks

#### (a) Competition and new technologies

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

#### (b) Special Reputational Risks

The Company operates in a fast-changing environment, and negative publicity can spread quickly, whether true or false. Negative comments by disgruntled customers about the Company may have a disproportionate effect on the Company reputation and its ability to earn revenues and profits. Additionally, complaints by such customers can lead to additional regulatory scrutiny and a consequential increase compliance burden in responding to regulatory inquiries. This could negatively impact on the Company's profitability.

#### (c) Reliance on Key Personnel

The recent development of the business of the Company has been in large part due to the talent, effort, experience and leadership of Yakov Temov.

There is no assurance that Yakov Temov, or senior management will remain healthy and able to continue in their current roles. If such employment contracts were terminated or breached, or if the relevant Director and employees were no longer to continue in their current roles, the Company would need to employ alternative staff, and the Company's operations and business would be adversely affected.

#### (d) Outsourcing

The Company outsources to consultants for expert advice and contract organisations for manufacturing services and research and development services. There is no guarantee that such experts or organisations will be available as required or will meet expectations.

#### (e) Customer Service Risk

Customers may need to engage with the Company's customer service personnel in certain circumstances, such as if they have a question about the services or if there is a dispute between a customer and the Company. The Company recruits and retain the Company's staff with interpersonal skills sufficient to respond appropriately to customer services requests. Poor customer service experiences may result in the loss of customers. If the Company lose

key customer service personnel, or fail to provide adequate training and resources for customer service personnel, this could lead to adverse publicity, litigation, regulatory inquiries and/or a decrease in customers, all of which may negatively impact on the Company's revenue.

(f) **Risks Associated with the Regulatory Environment**

If the Company expands into other markets, for example Germany, then the Company will be subject to German laws and regulations. Users, competitors, members of the general public or regulators could allege breaches of the legislation. This could result in remedial action or litigation, which could potentially lead to the Company being required to pay compensation or a fine. The Company's operations may become subject to regulatory requirements, such as licensing and reporting obligations, which would increase the costs and resources associated with its regulatory compliance. Any such increase in the costs and resources associated with regulatory compliance could impact upon the Company's profitability. In addition, if regulators took the view that the Company had failed to comply with regulatory requirements, this could lead to enforcement action resulting in public warnings, infringement notices or the imposition of a pecuniary penalty. This could lead to significant reputational damage to the Company and consequently impact upon its revenue.

(g) **Future Capital Needs**

Further funding may be required by the Company to support ongoing activities and operations. There can be no assurance that such funding will be available on satisfactory terms or at all. Any inability to obtain funding will adversely affect the business and financial condition of the Company and consequently its performance.

(h) **Liability Claims**

The Company may be exposed to liability claims if its services are provided in fault and/or cause harm to its customers. As a result, the Company may have to expend significant financial and managerial resources to defend against such claims. If a successful claim is made against the Company, the Company may be fined or sanctioned and its reputation and brand may be negatively impacted, which could materially and adversely affect its reputation, business prospects, financial condition and results of operation.

(i) **Foreign Exchange Risks**

As the Company has costs and expenses in the United States of America they will likely be denominated in US\$. Accordingly, the depreciation and/or the appreciation of the US\$ relative to the Australian currency would result in a translation loss on consolidation which is taken directly to shareholder equity. Any depreciation of the US\$ relative to the Australian currency may result in lower than anticipated revenue, profit and earning. The Company could be affected on an ongoing basis by foreign exchange risks between the Australian dollar and the US\$, and will have to monitor this risk on an ongoing basis.

(j) **Low Barriers to Entry**

There are relatively low barriers to entry in the field of next generation wireless technology and the market is experiencing the emergence of providers of these services. Potential risks relate to other providers of these services operating on a lower cost basis placing pressure on the Company's prices.

(k) **Insurance Coverage**

The Company faces various risks in connection with its business and may lack adequate insurance coverage or may not have the relevant insurance coverage. The Company maintains insurance coverage for its employees (as required by law the relevant jurisdictions) as well as insurance coverage for management liability, corporate liability, employment

practices liability, crime protection and statutory liability. However, the Company does not maintain insurance against various other liabilities. If the Company incurs substantial losses or liabilities and its insurance coverage is unavailable or inadequate to cover such losses or liabilities, its financials may be adversely affected.

(l) **Commercialisation Risk**

There is a risk that the Company will not be able to further successfully commercialize or sell their products, or be unable to attract further customers to be sufficiently profitable to fund future operations.

(m) **Partnerships**

The commercial strategy for products which may be derived from internet-of-things (**IoT**) markets potentially includes forming partnerships with other companies that have the ability to effectively commercialise next generation wireless technology products in key economic markets and there is no assurance that suitable partnerships will be secured or maintained, or that products can be commercialised. For example, the Machine Connect product was developed by a subsidiary of the Company in partnership with Verizon Wireless. Verizon Wireless retained the intellectual property in the Machine Connect product, however granted a non-exclusive licence to the Company's subsidiary to exploit the Machine Connect hardware, software and mechanical design. That licence expires in 2018, and can also be terminated by Verizon prior to then. The Company must therefore maintain its relationship with Verizon Wireless to ensure that the licence continues in force and that Verizon continues to refer customers to the Company and its subsidiaries. Machine Connect product is now obsolete and the above reference is provided as an

(n) **Competition**

The IoT industry is highly competitive and other corporations may commercialise products that may compete with the Company's products.

(o) **Shortage of electronic components**

Communications industry is experiencing shortage of certain components which could impact company's ability to manufacture products. Not being able to manufacture products to meet demand poses significant risks to the Company's business.

## 5.2 General risks

(a) **Investment risks**

The New Shares to be issued pursuant to this Prospectus should be considered speculative due to the nature of the Company's business. There is no guarantee as to the payment of dividends, return of capital or the market value of the New Shares. The prices at which an investor may be able to trade the New Shares may be above or below the price paid by the investor for the New Shares.

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

(b) **Share market risks**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. The market price of the New Shares may be subject to fluctuation and may be affected by many factors including, but not limited to, the following:

- general economic outlook;

- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- currency fluctuations;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

There is also no guarantee that an active market in the New Shares will develop or that the price of the New Shares will increase. There may be relatively few buyers or sellers of New Shares on the ASX at any particular time:

**(c) Competition risks**

The industry in which the Company will be involved is subject to domestic and global competition. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, and such activities or actions may, positively or negatively, affect the operating and financial performance of the Company's business.

**(d) Economy risks**

The future viability of the Company is also dependent on a number of factors which may affect the performance of all industries and not just the education industries including, but not limited to, the following:

- general economic conditions;
- changes in Government policies, taxation and other laws;
- the strength of the equity and share markets in Australia and throughout the world and, in particular, investment sentiment towards the education sector;
- movement in, or outlook on, exchange rates, interest rates and inflation rates; and
- natural disasters, social upheaval or war.

## 6. ADDITIONAL INFORMATION

### 6.1 Continuous disclosure

The Company is a “listed disclosing entity” for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations which require it to disclose to the ASX any information of which it is, or becomes, aware concerning the Company and which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

By virtue of section 713 of the Corporations Act, the Company is entitled to issue a “transaction-specific” prospectus in respect of the Offer.

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

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

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the Opening Date and the Closing Date:
  - (i) the annual financial report of the Company for the financial year ended 30 June 2017;
  - (ii) any half-year financial report of the Company lodged with ASIC after the lodgement of the annual financial report referred to in Section 6.1(c)(i) but before the lodgement of this Prospectus with ASIC; and
  - (iii) all continuous disclosure notices given by the Company after the lodgement of the annual financial report referred to in Section 6.1(c)(i) but before the lodgement of this Prospectus with ASIC (see below).

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

- (a) would reasonably require for the purpose of making an informed assessment of:
  - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
  - (ii) the rights and liabilities attaching to the securities the subject of this Prospectus; and
- (b) would reasonably expect to find in this Prospectus.

This Prospectus contains information specific to the Offers. If investors require further information in relation to the Company, they are recommended to take advantage of the opportunity to inspect or obtain copies of the documents referred to above.

The following announcements have been lodged with ASX in respect of the Company since the lodgement of the annual financial report for the year ended 30 June 2017.

Date	Title
2/10/2017	2017 Annual Report
2/10/2017	Appendix 4G
9/10/2017	Asian Market Penetration Update
12/10/2017	Appendix 3B and Section 708A Notice
30/10/2017	Notice of Annual General Meeting
31/10/2017	Quarterly Report and Appendix 4C
2/11/2017	CIO receives first Purchase Order from electronics giant LG
8/11/2017	CIO Mission and Cables Gold Project Update
15/11/2017	CIO Increases Penetration in US \$8.8b IOY Security Market
29/11/2017	Results of Annual General Meeting
06/12/2017	Purchase Order Totaling USD \$1m Forecast for 2018
14/12/2017	Substantial 2017 revenue Growth with Stronger 2018 Outlook
17/01/2018	CIO Confirms 364% Annual Growth in 2017
23/01/2018	CIO Selected as Global Hardware Partner for KORE
31/01/2018	Quarterly Report and Appendix 4C
06/02/2018	LOI Secured From US Based Cyber Security Company
12/02/2018	CIO Prototype Units Approved by US Cyber Security Company
28/02/2018	Release of Restricted Securities
28/02/2018	Appendix 4D and Half Year Financial Report
28/02/2018	CIO Half Year Update
05/03/2018	CIO Signs Distributor Agreement for Australia and NZ
09/03/2018	Reseller Agreement With Major US Telecommunications Company
13/03/2018	Significant Purchase Order From US Cyber Security Company
13/03/2018	Trading Halt
15/03/2018	Suspension form Official Quotation
19/03/2018	Suspension Update
19/03/2018	Appendix 3B – Release of Escrowed Securities
23/03/2018	Suspension Update
29/03/2018	Suspension Update
12/04/2018	Suspension Update
23/04/2018	Company Update
23/04/2018	Reinstatement to Official Quotation
30/04/2018	Quarterly Report and Appendix 4C
21/05/2018	Connected 10 Confirms First Shipment to Australia
05/06/2018	Corporate Governance Statement
06/06/2018	Connected 10 Activity Growth and Company Update
29/06/2018	Trading Halt

29/06/2018	Trading Halt Request
02/07/2018	Gold Asset Decision
05/07/2018	Connected 10 revenue grows with accelerated outlook for 2018
17/07/2018	Trading Halt
19/07/2018	Suspension from Official Quotation
19/07/2018	Gold Asset Decision – Appeal
25/07/2018	Suspension Update
31/07/2018	Suspension Update
31/07/2018	Quarterly Report and Appendix 4C
08/08/2018	Suspension Update
22/08/2018	\$2.53m Capital Raising & Loan Facility Restructure
22/08/2018	Appendix 3B

## 6.2 Market price of Shares on ASX

The highest and lowest sale price of Shares on ASX during the 3 months preceding the date of this Prospectus, and the sale price on the Trading Day before this Prospectus was lodged with ASIC, are set out below.

3-month high (on 29 & 30 May 2018 & 6 June 2018)	3-month low (on 23 August 2018)	Last sale price (on 23 August 2018)
\$0.018	\$0.003	\$0.004

## 6.3 Rights and liabilities attaching to New Shares

The New Shares will rank equally in all respects with existing fully paid ordinary shares in the capital of the Company on issue. The following is a general description of the more significant rights and liabilities attaching to the New Shares. This summary is not exhaustive. Full details of provisions relating to rights attaching to the New Shares are contained in the Corporations Act, ASX Listing Rules and the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

### (a) General meetings

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

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

### (b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of securities, at general meetings of security holders or classes of security holders:

- (i) each security holder entitled to vote may vote in person or by proxy, attorney or representative;



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

**(c) Dividend rights**

Subject to the rights of persons (if any) entitled to securities with special rights to dividend, the Directors may declare a final dividend out of profits in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the shareholders of such a dividend. The Directors may authorise the payment or crediting by the Company to the security holders of such interim dividends as appear to the Directors to be justified by the profits of the Company. Subject to the rights of persons (if any) entitled to securities with special rights as to dividend, all dividends are to be declared and paid according to the amounts paid or credited as paid on the shares in respect of which the dividend is paid. The Company may not pay interest in respect of any dividend, whether final or interim.

**(d) Winding up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the security holders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the security holders or different classes of security holders. The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any securities or other securities in respect of which there is any liability. Where an order is made for the winding-up of the Company or it is resolved by special resolution to wind up the Company, then on a distribution of assets to members, any securities classified as restricted securities at the time of the commencement of the winding up shall rank in priority after all other securities.

**(e) Transfer of securities**

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

**(f) Variation of rights**

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of security holders, vary or abrogate the rights attaching to securities.

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

## **6.4 Underwriting Agreement**

708 Capital Pty Ltd has been appointed to act as Underwriter to the Entitlement Offer. Set out below is a summary of the key terms of the Underwriting Agreement dated 16 August 2018.

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter:

- (a) an underwriting fee of 6% of the total underwritten amount under the Entitlement Offer. All sub-underwriting fees will be paid by the Underwriter from this underwriting fee (if applicable); and
- (b) a placement fee of 6% of the total dollar amount raised under the Placement Offer.

In addition, the Company will, subject to Shareholder approval, issue the Underwriter (or its nominee) with 50,000,000 Options with a strike price of \$0.01 and a four year expiry from the date of issue for assisting the Company with the Offers and corporate advisory and restructuring services.

The obligation of the Underwriter to underwrite the Entitlement Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if:

- (a) (Indices fall): the S&P ASX 200 Index as published by ASX is at any time after the date of the Underwriting Agreement 10% or more below its level as at the close of business on the business day prior to the date of the Underwriting Agreement; or
- (b) (Material Adverse Change): there is a material adverse change (in the bona fide judgement of the Underwriter acting reasonably and in consultation with the Company) in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company from those respectively as at the date of the Underwriting Agreement or in the most recent financial results announced to the ASX.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

## 6.5 Consents

Each of the parties referred to as consenting parties who are named below:

- (a) does not make the Offers;
- (b) has not authorised, and has not caused, the issue of this Prospectus;
- (c) has not made any statement in this Prospectus or any statement on which a statement made in this Prospectus is based;
- (d) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus; and
- (e) 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.

Role	Consenting party
Underwriter	708 Capital Pty Ltd
Legal adviser	Price Sierakowski Corporate
Share Registry	Computershare Investor Services Pty Limited

## 6.6 Interests of Directors, experts and advisers

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

- Director or proposed Director;
- person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of the Company; or
- underwriter to the issue of the New Shares or financial services licensee named in this Prospectus as being involved in the issue of the New Shares,

holds at the date of this Prospectus or held at any time during the last two years, any interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offers; or
- the Offers.

Other than as set out below or elsewhere in this Prospectus, no amount has been paid or agreed to be paid, and no benefit has been given or agreed to be given, to any Director or proposed Director either to induce them to become, or to qualify as, a Director of the Company, or otherwise for services rendered by them in connection with the formation or promotion of the Company or the Offers.

**(a) Directors' Relevant Interests in securities**

As at the date of this Prospectus, the Directors had the following Relevant Interests in Shares:

Director	Number of Shares Held <sup>1</sup>	Entitlement to subscribe for New Shares
Jason Ferris	Nil	Nil
Blaise Thomas	Nil	Nil
Yakov Temov	46,000,000	N/A <sup>2</sup>

**Note:**

1. Yakov Temov is also the holder of 51,825,000 performance shares in the Company. However as these performance shares have not converted to Shares, they do not entitle him to subscribe for any New Shares under the Entitlement Offer.
2. Yakov Temov is an Ineligible Shareholder. Refer to Section 2.5.

**(b) Directors' remuneration**

The Constitution provides that the Directors may be paid for their services as directors a maximum total amount (excluding salaries) determined by the Company in general meeting (currently set at \$500,000). Executive Directors are entitled to be remunerated by salary or other employment related benefits in accordance with their employment agreements. The table below sets out the remuneration paid to the Directors for the three financial years prior to the date of this Prospectus:

Director	Remuneration paid in 2016 financial year	Remuneration paid in 2017 financial year	Remuneration paid in 2018 financial year
Jason Ferris	\$92,511	\$131,400	\$245,000
Blaise Thomas	\$60,000	\$60,000	\$60,000
Yakov Temov	\$85,855	\$202,222	\$273,105

**(c) Experts and advisers**

708 Capital Pty Ltd has acted as underwriter of the Entitlement Offer. Details of the Underwriting Agreement and the fees payable to the Underwriter in relation to the underwriting of the Entitlement Offer are set out in Section 6.4.

Price Sierakowski Corporate has acted as legal adviser to the Company. Price Sierakowski Corporate's fees for work in relation to the Entitlement Offer (which includes services in connection with the Offer) up to the date of lodgment of this Prospectus will be approximately \$15,000 (plus GST and disbursements). Price Sierakowski Corporate may receive further fees for additional work done determined on the basis of hours spent at its ordinary hourly rates.

**6.7 Expenses of the Offer**

The estimated expenses of the Offers (exclusive of GST) are as follows:

Expense	Amount
Underwriting fees	\$152,000
Legal fees	\$15,000
ASIC fees	\$3,200
ASX fees	\$10,300
Printing and other costs	\$20,000
<b>Total</b>	<b>\$200,500</b>

**6.8 Litigation**

The Company refers to its market announcements made on 19 June 2017 and 8 November 2017 regarding the Company's application for E37/1232 and Mr Andrew Paterson's application for judicial review of the Western Australian Minister for Mines decision to terminate his application for E37/1220, which overlaps the same area as the Company's E37/1232.

On 2 July 2018, the Company announced that a single judge of the Supreme Court of Western Australia had upheld Mr Paterson's application for judicial review and ordered the Company to pay Mr Paterson's legal costs of these proceedings.

On 19 July 2018, the Company announced that it has appealed the decision to the Court of Appeal Division of the Western Australian Supreme Court. If the Company is successful in the appeal the Western Australian Minister for Mines' decision will stand and Mr Paterson's E37/1220 will be terminated. The Company will keep the market informed of the proceedings in accordance with its continuous disclosure obligations.

Other than the litigation referred to above, 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.

## 7. DIRECTORS' AUTHORISATION

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

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

Signed for and on behalf of the Company on 24 August 2018.

A handwritten signature in black ink, consisting of stylized cursive letters followed by a long horizontal flourish.

Yakov Temov  
Director

**Connected IO Limited**

## 8. DEFINITIONS

Definitions used in this Prospectus are as follows:

**Acceptance Form** means an Entitlement Offer Acceptance Form or a Placement Offer Acceptance Form (as applicable).

**Applicant** means an Eligible Shareholder who applies for the New Shares pursuant to the Offers.

**Application Account** means the Company's bank account titled 'Connected IO Limited – Application Account' which has been established for the purpose of holding the Application Monies.

**Application Monies** means the monies received from persons applying for New Shares under the Offers.

**ASIC** means the Australian Securities and Investments Commission.

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

**ASX Listing Rules** means the ASX Listing Rules published and distributed by the ASX.

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

**Board** means the board of Directors.

**Business Day** means a day on which banks are open for business in Perth, Western Australia excluding a Saturday, Sunday or public holiday.

**CHESS** means the Clearing House Electronic Subregister System operated by ASX Settlement.

**Closing Date** means the date that the Offers close which is 5.00pm (WST) on 21 September 2018 or such other time and date as the Company determines.

**Company** means Connected IO Limited ACN 009 076 233.

**Constitution** means the constitution of the Company from time to time.

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

**Director** means a director of the Company.

**Eligible Shareholder** has the meaning given in Section 2.3.

**Entitlement Offer** means the non-renounceable, pro rata entitlement offer of New Shares at an issue price of \$0.003 each on the basis of 4 New Shares for every 5 Shares held at the Entitlement Offer Record Date to raise approximately \$2,130,999 before costs, made pursuant to this Prospectus.

**Entitlement Offer Acceptance Form** means an Entitlement Offer acceptance form in the form accompanying this Prospectus pursuant to which Eligible Shareholders may apply for New Shares under the Entitlement Offer.

**Entitlement Offer Application** means an application for New Shares under the Entitlement Offer made by an Eligible Shareholder in an Entitlement Offer Acceptance Form or by payment via BPAY® or such other form as approved by the Company.

**Entitlement Offer Record Date** means the date for determining the entitlement of Shareholders under the Entitlement Offer, being 5.00pm (WST) on 30 August 2018.

**Exposure Period** means the period of 7 days from the date of lodgment of this Prospectus, which period may be extended by ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act.

**Ineligible Shareholder** means a Shareholder who is not an Eligible Shareholder.

**New Share** means a Share offered for subscription on the basis of, and under the terms of, the Offers.

**Official Quotation** has the definition given to that term in the Listing Rules;

**Opening Date** means the first date for receipt of acceptances under the Offers which is 9:00am (WST) on 4 September 2018 or such other time and date as the Company determines.

**Placement Offer** means the offer of 133,187,407 New Shares to the Placement Recipients at an issue price of \$0.003 per New Share to raise \$399,562 before costs, made pursuant to this Prospectus.

**Placement Offer Acceptance Form** means a Placement Offer acceptance form in the form accompanying this Prospectus pursuant to which Placement Recipients may apply for New Shares under the Placement Offer.

**Placement Recipients** means sophisticated and professional investors to be offered New Shares by the Company under the Placement Offer.

**Prospectus** means this prospectus dated 24 August 2018.

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

**Relevant Interest** has the meaning given in the Corporations Act.

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

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

**Share Registry** means Computershare Investor Services Pty Limited.


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

**Underwriter** means 708 Capital Pty Ltd (ACN 142 319 202).

**Underwriting Agreement** means the underwriting agreement dated 16 August 2018 between the Company and the Underwriter described in Section 6.4.

**WST** means Western Standard Time, being the time in Perth, Western Australia.


## For all enquiries:

**Phone:**  
 Connected IO (08) 6211 5099


**Web:**  
 [www.investorcentre.com/contact](http://www.investorcentre.com/contact)

CIO  
MR SAM SAMPLE  
123 SAMPLE STREET  
SAMPLETOWN VIC 3000

## Make your payment:

 See overleaf for details of the Offer and how to make your payment

## Non-Renounceable Entitlement Offer — Entitlement and Acceptance Form

 **Your payment must be received by 5:00pm (WST) on Friday, 21 September 2018**

This is an important document that requires your immediate attention. It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

### Step 1: Registration Name & Offer Details

Details of the shareholding and entitlements for this Offer are shown overleaf.

Please check the details provided and update your address via [www.investorcentre.com](http://www.investorcentre.com) if any of the details are incorrect.

If you have a CHESS sponsored holding, please contact your Controlling Participant to notify a change of address.

### Step 2: Make Your Payment

You can apply to accept either all or part of your Entitlement.

By making your payment you confirm that you agree to all of the terms and conditions as detailed in the Prospectus dated 24 August 2018.

Choose one of the payment methods shown below.

**BPAY®:** See overleaf. Do not return the payment slip with BPAY payment.

**By Mail:** Complete the reverse side of the payment slip and detach and return with your payment. Make your cheque, bank draft or money order payable in Australian dollars to "**Connected IO Limited**" and cross "**Not Negotiable**". The cheque must be drawn from an Australian bank. Cash is not accepted.

Payment will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques received may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the payment slip. Receipts will not be forwarded. Funds cannot be debited directly from your account.

Entering your contact details is not compulsory, but will assist us if we need to contact you.


**Turn over for details of the Offer →**



# Entitlement and Acceptance Form

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## STEP 1 Registration Name & Offer Details

 For your security keep your SRN/  
HIN confidential.

**Registration Name:** MR SAM SAMPLE  
123 SAMPLE STREET  
SAMPLETOWN VIC 3000

Entitlement No: 12345678


**Offer Details:** Existing shares entitled to participate as at  
5:00pm (WST) Thursday, 30 August 2018:

Entitlement to New Shares  
on a 4 for 5 basis:


Amount payable on full acceptance  
at \$0.003 per New Share:

4,000
3,200
\$9.60

## STEP 2 Make Your Payment

 Biller Code: 999999 Ref No: 1234 5678 9123 4567 89
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### Pay by Mail:

 Make your cheque, bank draft or money order payable to  
"Connected IO Limited" and cross "Not Negotiable".  
Return your cheque with the below payment slip to:  
**Computershare Investor Services Pty Limited**  
GPO BOX 505 Melbourne Victoria 3001 Australia

Contact your financial institution to make your  
payment from your cheque or savings account.

### Lodgement of Acceptance

If you are applying for New Shares and your payment is being made by BPAY, you do not need to return the payment slip below. Your payment must be received by no later than 5:00pm (WST) on Friday, 21 September 2018. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. Neither Computershare Investor Services Pty Limited (CIS) nor Connected IO Limited accepts any responsibility for loss incurred through incorrectly completed BPAY payments. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by the time.

If you are paying by cheque, bank draft or money order the payment slip below must be received by CIS by no later than 5:00pm (WST) on Friday, 21 September 2018. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for shareholders in Australia. Other Eligible Shareholders will need to affix the appropriate postage. Return the payment slip below with your cheque attached. Neither CIS nor Connected IO Limited accepts any responsibility if you lodge the payment slip below at any other address or by any other means.

### Privacy Notice

The personal information you provide on this form is collected by Computershare Investor Services Pty Limited (CIS), as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing [privacy@computershare.com.au](mailto:privacy@computershare.com.au). We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at [privacy@computershare.com.au](mailto:privacy@computershare.com.au) or see our Privacy Policy at <http://www.computershare.com/au>.

[Detach here](#)

## Connected IO Limited Acceptance Payment Details

Entitlement taken up:

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Amount enclosed at \$0.003 per  
New Share:

A\$ 

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Entitlement No: 12345678

Payment must be received by 5:00pm (WST) on Friday, 21 September 2018

MR SAM SAMPLE  
123 SAMPLE STREET  
SAMPLETOWN VIC 3000

### Contact Details

Contact Name \_\_\_\_\_ Daytime Telephone \_\_\_\_\_

### Cheque Details

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
				A\$