

TZ LIMITED
ACN 073 979 272
RIGHTS ISSUE
OFFER DOCUMENT

2 for 5 underwritten non-renounceable rights issue of
approximately 201,593,341 New Shares
at 2.75 cents per New Share to raise up to approximately \$5,543,817 before costs

Underwritten by First Samuel Limited

This document is important and requires your immediate attention. It should be read in its entirety. If you are in doubt as to the action you should take, consult your stockbroker, accountant, financial or other professional adviser immediately.

An investment in the New Shares offered by this Offer Document
should be considered **SPECULATIVE**.

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IMPORTANT NOTICES

This Offer Document is dated 6 October 2017 and is issued pursuant to section 708AA of the Corporations Act 2001 (Cth) as modified by ASIC Corporations Instrument 2016/84, for the offer of New Shares without disclosure to investors under Part 6D.2 of the Corporations Act. This Offer Document was lodged with ASX on 6 October 2017. ASX takes no responsibility for the contents of this Offer Document.

This Offer Document is not a prospectus and does not contain all of the information that an investor would find in a prospectus or which may be required by an investor in order to make an informed investment decision regarding, or about the rights attaching to, New Shares. Nevertheless, this Offer Document contains important information and requires your immediate attention. It should be read in its entirety. If you are in any doubt as to how to deal with this Offer Document, you should consult your professional adviser as soon as possible.

The New Shares being offered under this Offer Document pursuant to the Rights Issue are being offered to Eligible Shareholders, being Shareholders with a registered address in Australia, New Zealand, Hong Kong, Singapore or the United Kingdom at 7.00 pm (Sydney time) on the Record Date. This Offer Document does not, and is not intended to, constitute an offer or invitation in the United States, or to any person acting for the account or benefit of a person in the United States, or in any other place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No offer is being made to Shareholders with a registered address outside Australia, New Zealand, Hong Kong, Singapore or the United Kingdom. The distribution of this Offer Document and the Entitlement and Acceptance Form (including electronic copies) outside Australia, New Zealand, Hong Kong, Singapore or the United Kingdom may be restricted by law. If you come into possession of these documents, you should observe such restrictions and should seek your own advice about such restrictions. Please refer to Section 1.12.

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

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Offer Document. Any such extraneous information or representation may not be relied upon.

The Underwriter:

- has not authorised, permitted or caused the issue, lodgement, submission, despatch or provision of this Offer Document;
- does not make, or purport to make, any statement in this Offer Document, and there is no statement in this Offer Document which is based on any statement by the Underwriter; and
- to the maximum extent by law, expressly disclaims all liability in respect of, makes no representations regarding, and takes no responsibility for, any part of this Offer Document.

This Offer Document may include forward looking statements based on current expectations about future acts, events and circumstances. These forward looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward looking statements.

Eligible Shareholders will be mailed a copy of this Offer Document, accompanied by a personalised Entitlement and Acceptance Form. Applications for New Shares by Eligible Shareholders may only be made on an **original** Entitlement and Application Form that accompanies a paper version of this Offer Document. The Entitlement and Acceptance Form sets out the Entitlement of an Eligible Shareholder to participate in the Offer. Please read the instructions in this Offer Document and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement.

This Offer Document has been placed on the Company's website at www.tz.net for information purposes only. Eligible Shareholders cannot apply for New Shares pursuant to the electronic version of this Offer Document.

By returning an Entitlement and Acceptance Form or lodging an Entitlement and Acceptance Form with your stockbroker or otherwise arranging for payment for your New Shares through BPay® in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have received and read this Offer Document, you have acted in accordance with the terms of the Offer detailed in this Offer Document and you agree to all of the terms and conditions as detailed in this Offer Document.

Some capitalised words or terms in this Offer Document have defined meanings which appear in the glossary in Section 5.

CHAIRMAN'S LETTER

6 October 2017

Dear Shareholder,

On behalf of the board of TZ Limited, I invite you, as an Eligible Shareholder, to participate in a 2 for 5 non-renounceable Rights Issue at a price of 2.75 cents per new share to raise approximately \$5.54 million (before the costs of the Rights Issue).

In addition, Eligible Shareholders may apply for Additional Shares over and above their Entitlement at the same price of 2.75 cents per Additional Share, if and to the extent there is any Shortfall.

The Offer Document will be lodged with ASX on 6 October 2017 and a copy will be sent to all Eligible Shareholders who are on the register as at 7:00pm (Sydney time) on 11 October 2017.

The Offer is open for acceptance until 5 pm (Sydney time) on 25 October 2017.

First Samuel Limited has agreed to fully underwrite the Rights Issue, subject to the terms of the Underwriting Agreement.

Funds to be raised from the Rights Issue will be used as follows:

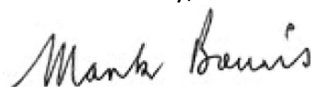
- to meet ongoing working capital requirements as outlined in Section 1.4 of the Offer Document; and
- to meet the costs of the Rights Issue.

To find out what you need to do to participate in the Rights Issue, please refer to Section 2 of the Offer Document. I urge you to read the Offer Document thoroughly before making your investment decision, including the risk factors set out in Section 3.

I believe that the Company will be able to take advantage of a number of sales opportunities with the funds to be raised from the Rights Issue and help give the Company the opportunity to build a sustainable and profitable business. For these reasons I strongly support this capital raising initiative.

On behalf of the Board, I take this opportunity to thank each of our Shareholders and look forward to your support of the Rights Issue.

Yours sincerely,

A handwritten signature in black ink that reads 'Mark Bouris'.

Mark Bouris
Chairman

INVESTMENT OVERVIEW

Introduction

The purpose of this Section is to give Shareholders an investment overview that helps them make an informed investment decision by highlighting key information. It is an introduction to the Offer and is not intended to replace the other Sections of this Offer Document, which Eligible Shareholders should read in full.

Details of the Offer

Rights issue

The Company is making a fully underwritten non-renounceable rights issue offer to each Eligible Shareholder of 2 New Shares for every 5 Existing Shares held on the Record Date at an issue price of 2.75 cents (\$0.0275) per New Share.

Please refer to Section 1.1 for further details.

Entitlement

The number of New Shares to which an Eligible Shareholder is entitled is shown on your personalised Entitlement and Acceptance Form accompanying this Offer Document.

Eligibility

Every Shareholder registered as a holder of Shares at 7.00pm (Sydney time) on the Record Date, and who has a registered address in Australia or New Zealand is entitled to participate in the Offer.

Please refer to Section 1.12 for further details.

Important Dates

The Closing Date and time for acceptances and payment, and other important dates, are set out in the Key Dates in Section 1.3.

Additional Shares

Eligible Shareholders who take up their full Entitlement may apply for Additional Shares under the Top Up Facility. However, the Company does not guarantee the issue of Additional Shares.

Please refer to Section 1.2 for further details.

Key Company highlights

TZ Limited is an Australian registered public company which is listed on the ASX.

The Company is a technology company which is a market leader in smart locking technology that combines state of the art shape-memory alloy actuated intelligent fastening and locking devices with the Company's remote software control. The Company currently supplies products to major corporations worldwide, to the data centre industry and in the automated parcel locker and e-commerce markets.

Please refer to the Company's recent announcements to the ASX. Further information is available on the Company's website at www.tz.net. Please note that the contents of the website or ASX filings by the Company are not incorporated into this Offer Document and do not constitute part of the Offer.

Key Risks

The activities of the Company and its controlled entities, as in any business, are subject to risks which may impact on the Company's future performance.

Prior to deciding whether to take up any or all of their Entitlements, Shareholders should read this Offer Document in its entirety and review announcements made by the Company to ASX (at www.asx.com.au under the code "TZL") in order to gain a better appreciation of the activities, operations, financial position and prospects of the Company.

An investment in New Shares should be considered speculative. New Shares carry no guarantee with respect to the payment of any dividends, returns of capital or the market value of those New Shares.

Shareholders should also consider the risk factors set out below in Section 3 which the Company believes represent some of the material specific and general investment risks that Shareholders should be aware of when evaluating the Company and deciding whether to increase their shareholding in the Company.

Purpose of the Offer

The Company expects to use the funds raised under this Offer to meet on-going working capital requirements of the Company and to pay the costs of the Rights Issue.

Please refer to Section 1.4 for further details.

Underwriting Agreement

Under the Underwriting Agreement, the Underwriter has agreed to fully underwrite the Offer, on the terms and conditions set out in the Underwriting Agreement.

Please refer to Section 4.2 for further details.

1. DETAILS OF THE OFFER

1.1 The Offer

TZ Limited ACN 073 979 272 is making a fully underwritten non-renounceable pro rata offer of fully paid ordinary shares in the capital of the Company to Shareholders with a registered address in Australia, New Zealand, Hong Kong, Singapore or the United Kingdom. Eligible Shareholders who are on the Company's share register at 7:00pm (Sydney time) on 11 October 2017 will be entitled to apply for 2 New Shares for every 5 Existing Shares held at an Issue Price of \$0.0275 (2.75 cents) each per New Share. The Issue Price is payable in full on application.

Fractional entitlements will be rounded up to the nearest whole number.

Under the Offer, approximately 201,593,341 New Shares will be issued and the Company will raise approximately \$5,543,817 before costs. The number of New Shares to which you are entitled is shown on the accompanying Entitlement and Acceptance Form.

You may apply for all or part of your Entitlement.

The New Shares will be fully paid and will rank equally with the Company's Existing Shares.

1.2 Top Up Facility

The Company proposes to adopt a dispersion strategy for dealing with any Shortfall by way of a facility for Eligible Shareholders to apply for Additional Shares in excess of their Entitlements ("**Top Up Facility**").

Under the Top Up Facility, and subject always to the Corporations Act and the requirements of the Listing Rules, Eligible Shareholders who subscribe for their full Entitlement may apply for Additional Shares. The issue price of each Additional Share will be the Issue Price. In compliance with the Listing Rules, Directors will not be applying for Additional Shares under the Top Up Facility.

The Company will only issue up to the aggregate number of New Shares that are offered under the Offer. The Company's allocation policy under the Top Up Facility will be such that if the Company receives Applications for Additional Shares which in aggregate are more than the total number of Shortfall Shares available, then the Applications under the Top Up Facility will be scaled back in the Board's discretion.

The Top Up Facility will also provide Shareholders who currently do not hold marketable parcels of Shares ("**Small Shareholders**") the opportunity to apply for Additional Shares, which will assist in creating a marketable parcel. The Company has determined that in the event of a Shortfall, the Company and the Underwriter will give priority to the issue of Additional Shares to Small Shareholders, including in the event of any scale back (as noted above).

Importantly, Shareholders will not be permitted to acquire a relevant interest in the Company's share capital that is in excess of 20%. Therefore, any Eligible Shareholder who may, as a result of applying for any Additional Shares under the Top Up Facility, be at a risk of exceeding the takeovers threshold set out in section 606 of the Corporations Act, should seek professional advice before completing and returning the enclosed Entitlement and Acceptable Form.

In the event of any disputes in relation to the implementation of the allocation policy outlined above, the Board reserves the right to resolve such disputes in a manner it deems appropriate, and at its sole discretion. The decision of the Board as to allocation of Additional Shares is final.

There is no guarantee that you will receive Additional Shares and the Directors do not represent that any Applications for Additional Shares will be successful. By applying under the Top Up Facility, you agree to accept a lesser number of Additional Shares than that applied for in your Entitlement and Acceptance Form. If the number of Additional Shares allotted to an Eligible Shareholder is less than the number applied for by the Eligible Shareholder, surplus Application Money will be refunded in full. Interest will not be paid on moneys refunded. Any Additional Shares will be allotted at the same time as the New Shares, in accordance with the Offer timetable.

1.3 Key dates

The Offer is open for acceptance until 5:00pm (Sydney time) on the Closing Date or such other date as the Directors, in conjunction with the Underwriter, shall determine, subject to the Listing Rules. Other key dates for the Offer are as follows:

| Event | Date |
|---|-----------------|
| Rights Issue / Offer announced via ASX | 6 October 2017 |
| Offer Document lodged with ASX | 6 October 2017 |
| Notice sent to Shareholders containing information about Rights Issue | 9 October 2017 |
| Shares quoted on an "ex" basis | 10 October 2017 |
| Record Date to identify Shareholders entitled to participate in Rights Issue | 11 October 2017 |
| Offer Document and Entitlement and Acceptance Forms despatched to Eligible Shareholders | 16 October 2017 |
| Closing Date for acceptance and payment | 25 October 2017 |
| Issue of New Shares and despatch of holding statements | 1 November 2017 |

The timetable outlined above is indicative only and subject to change. The Directors in conjunction with the Underwriter, reserve the right to vary these dates, including the Closing Date, without prior notice but subject to the Corporations Act and the Listing Rules. The Directors also reserve the right not to proceed with the whole or part of the Offer at any time prior to allotment. In that event Application Money will be returned without interest.

1.4 Use of proceeds

The immediate financial effect of the Offer on the Company will be to increase cash reserves by approximately \$5,493,817 (being \$5,543,817 gross proceeds to be raised **less** \$50,000 in estimated costs of the Rights Issue). The Company intends to apply the funds raised in the following manner:

| Use of proceeds | Indicative amount |
|--------------------------------------|--------------------|
| Working Capital | \$5,493,817 |
| Expenses related to the Rights Issue | \$50,000 |
| Total gross proceeds to be raised | <u>\$5,543,817</u> |

The primary use of the funds raised will be to provide working capital to the Company of approximately \$5.49 million, which will initially be held by the Company as cash at bank, available for on-going working capital needs. Those principal needs will be:

- (a) the funding of manufacturing, installation and support costs in respect of purchase orders for smart lockers and data centre cabinet locking that the Company has received and the further orders it expects to receive over the period to 30 June 2019; and
- (b) the funding of ongoing IP development costs of \$2.9 million for the period to 30 June 2019.

1.5 Capital structure

As at the date of this Offer Document:

- (a) The Company has 503,983,352 Shares on issue.
- (b) The Company has 16,750,000 unquoted Options on issue. Each Option is exercisable into one Share. The exercise price and expiry dates of the Options, if not exercised, are as set out in the following table:

| Number of Options | Exercise price | Expiry date |
|-------------------|----------------|--------------|
| 1,750,000 | \$3.00 | 30 June 2018 |
| 5,000,000 | \$0.25 | 30 June 2018 |
| 5,000,000 | \$0.40 | 30 June 2019 |
| 5,000,000 | \$0.60 | 30 June 2029 |

The holders of the Options are not eligible to participate in the Rights Issue unless they exercise their Options prior to the Record Date. It is unlikely any of the Options will be exercised before the Record Date, as the exercise price of the Options exceeds the closing Share price on the last trading day prior to the date of this Offer Document.

The principal effect of the Offer on the Company's capital structure will be to increase the total number of issued Shares by approximately 201,593,341.

The following table shows the proposed capital structure of the Company on completion of the Rights Issue assuming the maximum number of New Shares is issued under the Rights Issue:

| Security | Number at date of this Offer Document | Number following completion of Rights Issue |
|----------|---------------------------------------|---|
| Shares | 503,983,352 | 705,576,693 |
| Options | 16,750,000 | 16,750,000 |

Details of the effect of the Offer on control of the Company are set out in Section 4.1.

1.6 Entitlements

Each Eligible Shareholder who is registered as the holder at 7:00pm (Sydney time) on the Record Date is entitled to participate in the Offer. The number of New Shares to which you are entitled is shown on your Entitlement and Acceptance Form accompanying this Offer Document.

You may accept all, or part, of your Entitlement by completing the Entitlement and Acceptance Form and returning it in accordance with the instructions set out on the reverse of that form prior to the Closing Date. Acceptances must not exceed your Entitlement as shown on the Entitlement and Acceptance Form.

If your acceptance exceeds your Entitlement, acceptance will be deemed to be for your maximum Entitlement and any surplus Application Money will be returned to you. If you decided not to accept all or part of your Entitlement or fail to do so by the Closing Date, your Entitlement to the extent unaccepted will lapse and the New Shares not taken up by you will form part of the Shortfall.

As a result of this Offer, Eligible Shareholders who do not take up all of their Entitlement will have their percentage shareholding in the Company diluted. It is the responsibility of Applicants to determine their allocation prior to trading in the New Shares. The sale by Applicants of New Shares prior to the receipt of a holding statement is at the Applicant's own risk.

1.7 No Trading of Entitlements

The Entitlements to New Shares are non-renounceable, which means they cannot be sold. Refer to Section 2 for instructions on how to deal with your Entitlement. Any Entitlements not taken up by an Eligible Shareholder will be taken up by the Underwriter, subject to the terms of the Underwriting Agreement.

1.8 Market prices for Shares on ASX

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

| | \$ | Date |
|---------|---------------------|---------------------|
| Highest | \$0.04 (4 cents) | 8 and 9 August 2017 |
| Lowest | \$0.021 (2.1 cents) | 5 July 2017 |
| Last | \$0.028 (2.8 cents) | 5 October 2017 |

1.9 Underwriting and sub-underwriting

The Offer is fully underwritten by First Samuel Limited pursuant to an underwriting agreement between the Underwriter and the Company dated 6 October 2017. See Section 4.2 for further details.

1.10 ASX listing

The Company has made an application to ASX for Official Quotation of the New Shares. If ASX does not grant quotation for the New Shares within 3 months after the date of this Offer Document, the Company will not allot any New Shares and all Application Money will be refunded without interest.

The fact that ASX may grant Official Quotation of the New Shares is not to be taken in any way as an indication of the merits of the Offer or the New Shares offered under this Offer Document.

1.11 Refund of Application Money

Application Money will be held in a subscription account established and held by the Company on behalf of each Eligible Shareholder until the New Shares are issued. If necessary, Application Money will be refunded as soon as reasonably practicable, without interest. Interest earned on any Application Money will be for the benefit of the Company and will be retained by the Company regardless of whether New Shares are issued under the Offer.

1.12 Distribution restrictions and treatment of foreign Shareholders

General

This Offer Document, the Entitlements and the New Shares have not been registered, and will not be registered, in any jurisdiction, including the United States under the Securities Act 1933. Neither this Offer Document nor the Entitlement and Acceptance Form constitutes an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

The distribution of this Offer Document or the Entitlement and Acceptance Form (including electronic copies) in jurisdictions outside Australia may be restricted by law and therefore persons who come into possession of this Offer Document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. In particular, this Offer Document and the accompanying Entitlement and Acceptance Form may not be sent to investors in the United States or to any person acting for the account or benefit of a person in the United States. The Directors reserve the right to treat as invalid any Entitlement and Acceptance Form that appears to the Directors or the Company's agents to have been submitted in violation of any applicable securities laws.

Notice to nominees and custodians

Eligible Shareholders who are resident outside Australia, New Zealand, Hong Kong, Singapore or the United Kingdom should consult their professional advisers as to whether, in order to enable them to take up their Entitlements, any governmental or other consents are required or other formalities need to be observed.

Eligible Shareholders holding Shares on behalf of persons who are resident outside Australia, New Zealand, Hong Kong, Singapore or the United Kingdom (including nominees, custodians and trustees) are responsible for ensuring that any dealing with their Entitlements and any New Shares issued do not breach the laws and regulations in the relevant overseas jurisdiction, and should seek independent professional advice and observe any applicable restrictions relating to the taking up of Entitlements or the distribution of this Offer Document or the Entitlement and Acceptance Form.

The making of an application (whether by the return of a duly completed Entitlement and Acceptance Form or by the making of a BPay® payment or otherwise) will constitute a representation that there has been no breach of such laws or regulations. Shareholders who are nominees, custodians or trustees are therefore advised to seek independent advice as to how they should proceed.

New Zealand

This Offer Document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "**FMC Act**").

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the laws of Hong Kong (the "**SFO**"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Singapore

This Offer Document and any other materials relating to the Offer have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Offer Document and any other document or materials in connection with the Offer may not be issued, circulated or distributed, nor may any New Shares be offered or sold, or made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (SFA), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Offer Document has been given to you on the basis that you are an existing holder of Shares in the Company. In the event that you are not an existing holder of Shares in the Company, please return this Offer Document immediately. You may not forward or circulate this Offer Document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire the shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United Kingdom

The New Shares will be offered in the United Kingdom in reliance on exemptions to the Financial Services and Markets Act 2000 (United Kingdom) ("**FSMA**") and the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended ("**Financial Promotion Order**").

The total amount raised under the Offer is less than €5,000,000 or its equivalent in Australian dollars, which means that this Offer Document does not constitute an 'approved prospectus' for the purposes of section 85 and schedule 11A of the FSMA or the United Kingdom's Prospectus Rules. Accordingly this Offer Document has not been registered, approved or examined by the United Kingdom Financial Services Authority and therefore may not contain all of the information that a disclosure document or prospectus is required to contain under English law.

The offer of New Shares under this Offer Document is only being made in the United Kingdom to persons who are of a kind described in Article 43(2) (members and creditors of certain bodies corporate) of the Financial Promotion Order as at the Record Date. Any investment to which this Offer Document relates is available to only those persons described above and persons who do not fall into that category should not rely on this document nor take any action in relation to it.

The amount raised under the Offer in the European Economic Area (in which area the Offer is only being made to Eligible Shareholders who have registered addresses in the United Kingdom) in the twelve month period preceding the Closing Date will be less than €5,000,000 or its equivalent in Australian dollars.

Ineligible Shareholders

The Company will not make an Offer to Shareholders with a registered address outside Australia, New Zealand, Hong Kong, Singapore and the United Kingdom. The Company has decided that it is unreasonable to extend the Offer to Ineligible Shareholders having regard to:

- (a) the number of Shareholders with a registered address outside Australia, New Zealand, Hong Kong, Singapore and the United Kingdom;
- (b) the number and value of New Shares that would be offered to Shareholders with a registered address outside Australia, New Zealand, Hong Kong, Singapore and the United Kingdom; and
- (c) the cost of complying with the legal requirements, and requirements of regulatory authorities, in the overseas jurisdictions.

Where this Offer Document has been despatched to Ineligible Shareholders, this Offer Document is provided for information purposes only.

In limited circumstances the Company may elect to treat as Eligible Shareholders certain Shareholders who would otherwise be Ineligible Shareholders, provided the Company is satisfied that it is not precluded from lawfully issuing New Shares to such Shareholders either unconditionally or after compliance with conditions which the Board in its sole discretion regards as acceptable and not unduly onerous.

Appointment of Nominee for Ineligible Shareholders

In order for Eligible Shareholders to be permitted to subscribe for New Shares (to the maximum extent of their full Entitlement) under the Rights Issue, even if to do so would result in such shareholders acquiring a relevant interest exceeding 20% of the voting shares of the Company (on a post Rights Issue basis) or even if such shareholder already has a relevant interest above 20% of the voting shares of the Company, the Company must comply with section 615 of the Corporations Act which involves the appointment by the Company of an ASIC approved nominee to subscribe for the New Shares that Ineligible Shareholders would have been entitled to and sell them on their behalf.

The Company proposes to appoint Berne No. 132 Nominees Pty Limited to act as nominee for Ineligible Shareholders for the purposes of section 615 of the Corporations Act. The Company has applied to ASIC to approve the appointment of Berne No. 132 Nominees Pty Limited as the Nominee. The nominee sale procedure will be implemented in accordance with section 615 of the Corporations Act as follows:

- the Company will, at the Issue Price, issue to the Nominee the New Shares that Ineligible Shareholders would be entitled to if they were eligible to participate in the Offer ("**Nominee Shares**");
- the Nominee will then sell the Nominee Shares at a price and otherwise in a manner determined by the Nominee in its sole discretion;

- the net proceeds of the sale of the Nominee Shares (after deducting the aggregate subscription price of the Nominee Shares and the costs of sale, including brokerage commission), if any, will be distributed to the Ineligible Shareholders for whose benefit the New Shares are sold in proportion to their shareholdings as at the Record Date.

If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such net proceeds may be retained by the Company. Accordingly there is a possibility that Ineligible Shareholders may receive no net proceeds if the subscription price plus costs of the sale of the Nominee Shares are greater than the sale proceeds. Neither the Company nor the Nominee will be liable for either the timing or price at which the Nominee Shares may be sold.

2. ACTIONS REQUIRED BY SHAREHOLDERS

Acceptance of the Offer must be made by Eligible Shareholders on the **original** Entitlement and Acceptance Form accompanying this Offer Document and must not exceed the Entitlement as shown on that form. The Directors reserve the right to reject any applications for New Shares that are not made in accordance with the terms of this Offer Document or the instructions on the Entitlement and Acceptance Form.

2.1 Taking up all of your Entitlement

If you wish to take up all of your Entitlement, complete the Entitlement and Acceptance Form in accordance with the instructions set out on the front of that form and arrange for payment of the Application Money in accordance with Section 2.5.

2.2 Allow all or part of your Entitlement to lapse

If you decide not to accept all or part of your Entitlement, or fail to accept your Entitlement by the Closing Date, your Entitlement to the extent not accepted will lapse. The New Shares not subscribed for will form part of the Shortfall.

If you do nothing, although you will continue to own the same number of Shares, your proportionate shareholding in the Company will be diluted.

2.3 Taking up part of your Entitlement and allowing the balance to lapse

If you wish to take up part of your Entitlement under the Offer and allow the balance to lapse, please complete the Entitlement and Acceptance Form for the number of New Shares you wish to take up in accordance with the instructions set out on the front of that form and arrange for payment of the applicable amount of Application Money in accordance with Section 2.5.

2.4 Applying for Additional Shares

Eligible Shareholders who subscribe for their full Entitlement may apply for Additional Shares under the Top Up Facility. To do this, Eligible Shareholders should enter the number of Additional Shares they wish to apply for in the relevant section of their Entitlement and Acceptance Form entitled "Application for Additional Shares if available".

The amount of Application Money that Eligible Shareholders submit with their Applications must be equal to the Offer Price multiplied by the total number of New Shares applied for (including Additional Shares).

2.5 Payment and return of Entitlement and Acceptance Form

You may pay the Application Money by BPay®, cheque, or money order.

Payment by BPay®

Those Applicants who elect to pay by BPay® must follow the instructions for BPay® described in the Entitlement and Acceptance Form (which includes the biller code and your unique customer reference number). Please note that should you choose to pay by BPay® payment:

- (a) you do **not** need to submit the personalised Entitlement and Acceptance Form but are taken to make the statements on that Entitlement and Acceptance Form; and
- (b) if you do **not** pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Money.

Applicants should be aware that their own financial institution may implement earlier cut off times with respect to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the Applicant to ensure that funds submitted through BPay® are received by no later than 5:00pm (Sydney time) on 25 October 2017.

Payment by cheque, money order or bank draft

Those Applicants who elect to pay by cheque or money order must follow the instructions described in the Entitlement and Acceptance Form. You must ensure that:

- (a) your Entitlement and Acceptance Form is complete;
- (b) your cheque or money order for the applicable amount of Application Money is made in Australian currency, drawn on an Australian branch of a financial institution, made payable to “TZ Limited – Shareholder Account” and crossed “Not Negotiable”; and
- (c) your completed Entitlement and Acceptance Form and cheque or money order are received by the Share Registry by no later than 5:00pm (Sydney time) on 25 October 2017 at:

By Mail:

Computershare Investor Services Pty Limited

GPO Box 505

MELBOURNE VIC 3001

For further information on your Entitlement or how to accept your Entitlement, please contact the Company as follows:

Telephone: +61 2 9222 8890

Email: info@tz.net

3. RISK FACTORS

3.1 Introduction

The Company’s business is subject to risk factors, both specific to its business activities and of a general nature, which either individually or in combination, could materially and adversely affect the future operating and financial performance of the Company and accordingly the value of an investment in the Company. While some of these risks can be mitigated by the use of appropriate safeguards and systems, many are outside the control of the Company and cannot be mitigated. In particular, there can be no guarantee that the Company will achieve its stated objectives or that any forward looking statements or

forecasts will eventuate. An investment in the Company should be considered speculative and must be considered in light of all relevant risks, both general and specific.

In addition, potential investors should be aware that the value of Shares on the ASX may rise and fall depending on a range of factors that affect the market price of Shares. These include local, regional and global economic conditions and sentiment towards equity markets in general. The New Shares to be issued under this Rights Issue carry no guarantee with respect to profitability, the payment of dividends, return of capital or the price at which the New Shares may trade on the ASX.

The following summary, which is not exhaustive, represents some of the major risk factors which potential investors need to be aware of.

3.2 Specific Investment Risks

Commercialisation of Key Technologies

The Company's failure to achieve commercialisation of key technologies is likely to adversely affect the Company's business.

The Company's long-term revenue objectives are largely predicated on full implementation of its technology innovation program. To date, many of the Company's core technologies have yet to be transitioned from proof-of-concept to proof-of-commercial viability.

There is no assurance that the Company's technology concepts and patent applications will achieve commercial viability and the failure to achieve such commercial viability would have a material effect on the Company's business, financial condition and results of operations.

Intellectual Property Protection

A program of patent and other safeguards has been implemented by the Company to protect the Company's intellectual property. It is not certain that pending patent applications will be granted within the scope of the claims sought or at all.

Whilst the Directors consider that all appropriate measures have been taken to protect the Company's intellectual property, it is possible that the protection implemented will be circumvented or challenged. Policing unauthorised use of the technology or infringements of the Company's intellectual property is difficult and expensive. It is also possible that the Company will be subject to a third party's claim of intellectual property infringement. Any such claim, with or without merit, could be time consuming to defend.

Further, the life of a patent is a limited one, generally twenty (20) years from the earliest filing date. Once a patent expires, it becomes part of the public domain and can be freely used by anyone, including competitors. To protect against this, the Company continually innovates new intellectual property to try to stay ahead of possible competitors and new entrants.

Management of Growth

The Company expects additional growth and expansion into new markets. This has the potential to extend management and operations. The Company's ability to generate revenue will depend on its ability to manage the efficient expansion of its operational and technological capabilities, and relationships with various third parties across jurisdictions.

Regulatory Factors

As the Company expands into different markets, it is likely that it will be subject to a wide array of codes and regulations governing the reliability and safety of its various enabling technologies. The Board believes that the Company is currently compliant with all regulations and codes governing the

manufacturing and commercial use of its technology in the various jurisdictions in which it is currently doing business.

Government regulations are, however, subject to change and in such an event, there can be no assurance that the Company may not be subject to additional unforeseen regulations that may impede the commercial use of its technology or restrict the manner in which the Company does business. In addition, any new laws or regulations relating to the Company's technology could have a material effect on the Company's business, financial condition and results of operations.

Market for the Company's technology

The Company intends to seek new markets and applications for its technology, whilst expanding existing product sales in current markets. There can be no assurance of adoption of the Company's technology and of these new market applications and such failure may have a material adverse effect on the Company's expected revenues.

Risk of Product Liability

The Company's business exposes it to potential product liability risks as more of the Company's technology is commercialised. The Company intends to continue to seek adequate product liability insurance where prudent. However, there can be no assurance that adequate or necessary insurance coverage will be available at an acceptable cost or in sufficient amounts, or that a product liability claim would not adversely affect the Company.

Material Contracts

The Directors anticipate that the Company will derive significant benefits from its material contracts and consider that the Company has good working relationships with its contractual partners. However, a number of these contracts may be terminated by notice in writing from the other party and the revenues to be derived by the Company under the contracts are uncertain.

Competition

Direct competition in industry segments could have a material effect on the Company's business, financial condition and results of operations. The Board believes that the principal competitive factors are:

- ability to identify and respond to customer needs
- technical expertise
- quality of the services provided
- cost of the technology and related licences.

In addition, the Company may face competitive pressures from existing market participants, who may have significantly greater financial, marketing, technical, sales and customer support as well as longer relationships with customers than the Company does.

The Company may also be unable to devote the necessary resources to the development, promotion and sale of the Company's technology as fast or as effectively or in the same or greater amounts as some of the Company's potential competitors.

Any competition may result in reduced operating margins, loss of market share, inability to materially increase the number of end-users and manufacturers to adopt and utilise the Company's technology, and diminish the value of the Company's technology and intellectual property.

In addition, the Company's current fixed overhead projections include paced allocations for professional services including the various activities relating to a global patenting strategy. Unforeseen competitive

activities may require the Company to accelerate its intellectual property strategies, placing new burdens on the Company's management and fiscal resources.

The Company may not be able to compete successfully against current and future competitors, and the competitive pressures that the Company faces could have an effect on the Company's business, financial condition and results of operations.

Reliance on Key Personnel

The Company's businesses are reliant on a number of key personnel and the loss of the services of one or more of these individuals could adversely affect the Company. In addition, the Company's plans for expansion will require it to recruit and train new employees. Although the Company expects to be able to attract and retain skilled and experienced personnel, there can be no assurance that it will be able to do so. The Company intends to mitigate these risks by entering into service contracts with any new employees and will in due course establish employee share plans to encourage employees' loyalty to the Company.

Business Relationships

The Company has numerous business relationships that are essential to the successful and profitable ongoing routine of the Company's business. These relationships are via both formal and informal agreements. Should there be any material change in the nature of these relationships, or should for any reason contracts not be renewed despite it being reasonable to expect them to be renewed, there could be a material adverse effect on the Company's ability to achieve expected growth.

Currency Risk

The majority of the Company's target market is domiciled in foreign countries and it is expected that the Company's revenue will be predominantly denominated in foreign currencies. This exposure to foreign currency may adversely affect the Company's business, however, equally, a revaluation of such a foreign currency could be of substantial benefit to the Company's Shareholders. The Company intends to implement a currency hedging strategy going forward in order to mitigate its exposure to fluctuating currency exchange rates.

Refinancing loan facilities

Historically, the Company has successfully refinanced its borrowing facilities. However, there is a refinancing risk that replacement debt facilities will not be available or will not be available on terms as favourable to the Company as its previous borrowing facilities. If the Company is not able to refinance its corporate debt facilities when they fall due, it could have a materially adverse impact on the Company's financial position and its ability to continue trading as a going concern.

Asset Value Impairment

The Company has a significant amount of intangible assets recorded on its balance sheet. The Company annually tests the carrying value of these intangible assets for impairment. The estimates and assumptions about results of operations and cash flows made in connection with impairment testing could differ from future actual results of operations and cash flows. In addition, future events could cause the Company to conclude that the asset values associated with a given operation have become impaired. Any resulting impairment loss could have a material impact on the Company's financial position.

3.3 General Investment Risks

Price of New Shares may fluctuate

The price of the New Shares on the ASX may rise and fall due to numerous factors including:

- general economic conditions including inflation, interest rates, and exchange rates;

- changes to government policy, legislation or regulation;
- variations in the prices of other listed stocks in general, or more mining and mining services stocks;
- inclusion or removal from major market indices;
- the nature of competition in the markets in which the Company operates; and
- other general operational and business risks.

It is the nature of equity markets that a company's share price is subject to wide fluctuations, which may not reflect the underlying value of the company.

Trading in Shares

Although the Company is listed on ASX, there is no assurance that an active trading market for its Shares will be sustained. There is also no assurance that the market price for the Shares will not decline below the Issue Price. The market price of Shares could be subject to significant fluctuations due to various external factors and events, including the liquidity of the Shares in the market, the Company's actual financial and operating results and broader market-wide fluctuations.

Taxation

Any change to the current taxation regime in Australia or an interpretation of Australian taxation laws by the Australian Taxation Office that is contrary to the Company's view of those laws may increase the amount of tax paid by the Company or affect the treatment of tax losses that may have otherwise reduced the tax payable by the Company. The Company obtains external expert advice on the application of the tax laws to its operations. The Company is not currently in dispute with any revenue authority in respect to any taxation matter.

Personal tax liabilities are the responsibility of each individual investor. The Company is not responsible for taxation or penalties incurred by investors.

Accounting standards

Australian accounting standards are set by the Australian Accounting Standards Board ("AASB") and are outside the Directors' and the Company's control. Changes to accounting standards issued by AASB or changes to the commonly held views on the application of those standards could materially impact the volatility of the Company's reported earnings and adversely affect the financial performance and position reported in the Company's financial statements.

Force majeure

Force majeure events including natural disasters, sabotage, the outbreak of international hostilities and acts of terrorism may cause an adverse change in investor sentiment with respect to the stock market generally or the Company specifically. Some force majeure events are uninsurable.

Investment risk

An investment in New Shares should be considered speculative. New Shares carry no guarantee with respect to the payment of any dividends, returns of capital or the market value of those New Shares.

4. ADDITIONAL INFORMATION

4.1 Effect of the Offer on control of the Company

The potential effect that the Offer will have on the control of the Company will depend on the take up by Eligible Shareholders of their Entitlement.

If all Eligible Shareholders each subscribe for their full Entitlement, then each Eligible Shareholder's percentage ownership interest (and voting power) in the Company will remain the same, subject only to changes resulting from Ineligible Shareholders being unable to participate in the Offer, and there will be no effect on control of the Company.

To the extent that an Eligible Shareholder does not take up its Entitlement, the proportionate shareholding interest of that Eligible Shareholder in the Company will be diluted. The proportionate shareholding interest of the Ineligible Shareholders will be diluted because those Ineligible Shareholders are not entitled to participate in the Offer.

As at the date of this Offer Document, the following three shareholders are the only Shareholders who have notified the Company that they are substantial shareholders ("**Existing Substantial Shareholders**"):

| Existing Substantial Shareholder | Number of Shares | Voting power in Company |
|---|------------------|-------------------------|
| QVT Fund LP and Quintessence Fund L.P. (" QVT Funds ") | 163,892,256 | 32.52% |
| First Samuel Limited (the Underwriter) | 54,250,428 | 10.76% |
| SG Hiscock & Company Limited | 25,517,035 | 5.06% |

As at the date of this Offer Document:

- (a) the QVT Funds have verbally advised the Company, without making any binding commitment, that they intend to take up their Entitlement in full, representing 65,556,903 New Shares;
- (b) SG Hiscock & Company Limited has verbally advised the Company, without making any binding commitment, that it will most likely take up its Entitlement in full, representing 10,206,814 New Shares; and
- (c) the Underwriter (First Samuel Limited) has verbally advised that it will take up its Entitlement in full, representing 21,700,172 New Shares.

If all of the Existing Substantial Shareholders take up their Entitlements in full and do not elect to take up any Additional Shares under the Top Up Facility and none of the other Shareholders subscribe for any of their Entitlements nor take up any Additional Shares under the Top Up Facility, then the resulting Shortfall would be 51.65% of the New Shares being offered under the Rights Issue. In those circumstances, by subscribing for the Shortfall under the Underwriting Agreement, the Underwriter would be required to subscribe for 104,129,452 New Shares under the Underwriting Agreement, giving the Underwriter voting power in the Company immediately after completion of the Offer of 25.52%.

The following table demonstrates the maximum possible increase in the voting power of the Underwriter as a result of the Rights Issue, assuming that the Underwriter subscribes for its full Entitlement under the Rights Issue on the basis of 100%, 75%, 50%, 25% and nil subscription by Shareholders other than the Underwriter and assuming no Shareholders elect to take up Additional Shares under the Top Up Facility and assuming the Underwriter takes up the full Shortfall under the Underwriting Agreement.

| % participation by other holders | Number of New Shares issued to shareholders other than the Underwriter under the Offer | Number of New Shares issued to the Underwriter under the Offer | Number of New Shares issued to the Underwriter under the Underwriting Agreement | Voting power of the Underwriter |
|----------------------------------|--|--|---|---------------------------------|
| 100% | 179,893,169 | 21,700,172 | - | 10.76% |
| 75% | 134,919,876 | 21,700,172 | 44,973,293 | 17.14% |
| 50% | 89,946,584 | 21,700,172 | 89,946,585 | 23.51% |
| 25% | 44,973,292 | 21,700,172 | 134,919,877 | 29.88% |
| 0% | 0 | 21,700,172 | 179,893,169 | 36.26% |

The Board does not believe the Top Up Facility will have any effect on the control of the Company as no Additional Shares will be issued to any Eligible Shareholders if, in the view of the Directors to do so, would increase that Eligible Shareholder's voting power above 19.9% or to any Eligible Shareholder whose voting power is already above 19.9%.

In summary, the Company states the following about the effect of the Offer on the control of the Company:

- (a) as stated above, if every Shareholder was to take up their full Entitlement, there would be no effect on the control of the Company immediately following the Offer;
- (b) if the Existing Substantial Shareholders take up their full Entitlement and no other Shareholder takes up any New Shares under the Offer or the Top Up Facility, then the voting power of the Underwriter would increase from 10.76% to 25.52%; and
- (c) the maximum that the voting power of the Underwriter in the Company could increase to as a result of the Offer is 36.26%.

The Company believes it is unlikely that the voting power of the Underwriter will increase to 36.26% as a result of the Offer, given that the other two Existing Substantial Shareholders have verbally indicated that they intend to take up their full Entitlement and given it is likely that at least some of the other Shareholders will elect to take up their Entitlements and Additional Shares under the Top Up Facility.

The Underwriter has advised the Company in writing that if it did obtain control of the Company as a result of the Offer, it does not intend to change the current business plans of the Company and believes the Company has the right mix of operational employees. The Underwriter does not intend to make any change to the Company's business other than those that become necessary in the usual course of operations.

4.2 Underwriting Agreement

The Company and the Underwriter have entered into the Underwriting Agreement pursuant to which the Underwriter has agreed to fully underwrite the Rights Issue, on the terms and conditions contained in the Underwriting Agreement.

Under the Underwriting Agreement, the Underwriter is obliged to subscribe for the number of New Shares which are not taken up under the Offer or under the Top Up Facility.

The Underwriting Agreement includes the following termination events (and the defined terms used in these termination events have the meaning given to them in the Underwriting Agreement):

- (a) **(Indices fall):** the All Ordinaries Index 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 day prior to the date of the Underwriting Agreement;

- (b) **(No Official Quotation):** Official Quotation has not been granted by the Shortfall Notice Deadline Date or, having been granted, is subsequently withdrawn, withheld or qualified;
- (c) **(Restriction on allotment):** the Company is prevented from allotting the Rights Shares within the time required by the Underwriting Agreement; or is prevented from allotting the Rights Shares by the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- (d) **(Indictable offence):** a director or senior manager of the Company holding office as at the date of the Underwriting Agreement is charged with an indictable offence;
- (e) **(Offer Documents):** the Offer Document other than the Cleansing Notice is or becomes false, misleading or deceptive (including by way of omission);
- (f) **(ASIC action)** ASIC:
 - (i) applies for an order under section 1324 or 1325, of the *Corporations Act*, or an order under Part 9.5 of the *Corporations Act*, in relation to the Offer or the Offer Document;
 - (ii) holds, or gives notice of intention to hold, a hearing or investigation in relation to the Offer or the Offer Document under the *Corporations Act* or the Australian Securities and Investments Commission Act 2001 (Cth);
 - (iii) (A) prosecutes or gives notice of an intention to prosecute; or
(B) commences proceedings against, or gives notice of an intention to commence proceedings against,

the Company or any of its officers, employees or agents in relation to the Offer or the Offer Document;
- (g) **(listing):** the Company ceases to be admitted to the Official List;
- (h) **(suspension):** trading in Shares on the financial market operated by ASX is suspended (other than with the prior written consent of the Underwriter), or the Shares cease to be Officially Quoted;
- (i) **(Event of Insolvency):** an Event of Insolvency occurs in respect of the Company;
- (j) **(Termination Events):** any of the following events occurs:
 - (i) **(Default):** default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking; or
 - (ii) **(Incorrect or untrue representation):** any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect; or
 - (iii) **(Contravention of constitution or Act):** a contravention by the Company of any provision of its constitution, the *Corporations Act*, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX; or
 - (iv) **(Adverse change):** an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of the Company; or
 - (v) **(Official Quotation qualified):** the Official Quotation is qualified or conditional other than as set out in the definition of "Official Quotation"; or

- (vi) **(future matters)** any statement or estimate in the Offer Document which relates to a future matter is or becomes incapable of being met; or
- (vii) **(Judgment against a Relevant Company)**: a judgment in an amount exceeding \$250,000 is obtained against the Company and is not set aside or satisfied within 10 Business Days; or
- (viii) **(Board and Senior Management composition)**: there is a change in the composition of the Board or a change in the senior management of the Company before Completion without the prior written consent of the Underwriter which consent is not to be unreasonably withheld;
- (ix) **(Indicative Timetable)**: the Company causes there to be a delay in any specified date in the Indicative Timetable which is greater than 10 Business Days; or
- (x) **(Force Majeure)**: a Force Majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 10 Business Days occurs; or
- (xi) **(Capital Structure)**: the Company alters its capital structure in any manner not contemplated by the Offer Document; or
- (xii) **(Hostilities)**: there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, the Peoples Republic of China, North Korea, South Korea, Israel or any member of the European Union; or
- (xiii) **(Disruption in financial markets)** any of the following occurs:
 - (A) any adverse change or disruption to the political or economic conditions or financial markets of Australia, the United Kingdom, the United States of America or the international financial markets or any change or development involving a prospective change in national or international political, financial or economic conditions;
 - (B) a general moratorium on commercial banking activities in Australia, the United States of America or the United Kingdom is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries; or
 - (C) trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect; or
- (xiv) **(Cleansing Notice)**: the Cleansing Notice becomes defective (as that term is defined in section 708AA(11) of the Corporations Act).

The Underwriter may not exercise its rights under paragraph (j) above unless, in the reasonable opinion of the Underwriter reached in good faith, it has determined that the occurrence of a Termination Event under paragraph (j):

- (a) has or is likely to have a Material Adverse Effect; or
- (b) could give rise to a liability of the Underwriter under the *Corporations Act*.

No fees, costs or expenses are payable to the Underwriter under the Underwriting Agreement or otherwise for underwriting the Rights Issue.

The Company has agreed to indemnify the Underwriter and various related parties and officers against their losses in connection with the Rights Issue.

4.3 Sub-underwriting

The Underwriter has advised the Company that it will be seeking to enter into sub-underwriting agreements. Any fees payable to sub-underwriters will be payable by the Underwriter.

4.4 Taxation

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under the Offer. The Company does not accept any responsibility in this regard, and Shareholders should consult with their professional tax advisers.

4.5 Privacy

The Entitlement and Acceptance Form requires you to provide information that may be personal information for the purposes of the Privacy Act 1988 (Cth).

The Company (and the share registry on its behalf) collects, holds and uses personal information in order to assess applications for New Shares, service the needs of Shareholders, provide facilities and services you request and carry out appropriate administration.

Access to information may also be provided to the Company's related bodies corporate, agents and service providers, regulatory bodies, mail houses and the Share Registry.

If you do not provide the information requested of you in the Entitlement and Acceptance form, the Share Registry will not be able to process your application for New Shares or administer your holding of Shares appropriately.

5. GLOSSARY

In this Offer Document:

\$ means Australian dollars, unless otherwise specified.

Additional Shares means New Shares applied for by Eligible Shareholders in excess of their Entitlement under the Top Up Facility.

Applicant means a person who has applied to subscribe for New Shares by submitting an Entitlement and Acceptance Form.

Application Money means the aggregate of money payable for New Shares (including Additional Shares) applied for in a duly completed Entitlement and Acceptance Form.

ASIC means the Australian Securities and Investment Commission.

ASX means ASX Limited ACN 008 624 691 trading as the Australian Securities Exchange.

Board means the board of directors of the Company.

Closing Date means the last day for payment and return of Entitlement and Acceptance Forms, being 5:00pm (Sydney time) on 25 October 2017.

Company means TZ Limited ACN 073 979 272.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company.

Eligible Shareholder means a Shareholder at the Record Date who is not an Ineligible Shareholder.

Entitlement means the number of New Shares that an Eligible Shareholder is entitled to apply for under the Offer, as determined by the number of Shares held by that Eligible Shareholder on the Record Date.

Entitlement and Acceptance Form means the Entitlement and Acceptance Form accompanying this Offer Document.

Existing Shares means Shares on issue as at 7.00 pm (Sydney time) on the Record Date.

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

Issue Price means 2.75 cents per New Share.

Listing Rules means the official rules of ASX.

New Share means a new share to be issued under this Offer Document.

Nominee means the holder of an Australian financial services licence that has been approved by ASIC as nominee of the Excluded Shareholders under section 615 of the Corporations Act for the purposes of this Rights Issue.

Offer means the pro rata non-renounceable rights issue offer by the Company to Eligible Shareholders to subscribe for 2 New Share for every 5 Existing Shares held on the Record Date at the Issue Price, to raise a total amount of approximately \$5,543,817.

Offer Document means this document.

Official Quotation means “quotation” (as the term is used in the Listing Rules) of all of the New Shares on ASX when allotted.

Options means options to subscribe for Shares in the Company.

Record Date means 7:00pm (Sydney time) on 11 October 2017.

Rights Issue means the non-renounceable pro rata rights issue conducted pursuant to this Offer Document under which approximately 201,593,341 New Shares will be offered to Eligible Shareholders on the basis of 2 New Shares for every 5 Existing Shares held by Eligible Shareholders at the Record Date at 2.75 cents per New Share.

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

Shareholder means a holder of Shares.

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

Shortfall means the number of New Shares offered under the Offer for which valid applications have not been received from Eligible Shareholders before the Closing Date, and which will revert to the Top Up Facility.

Top Up Facility has the meaning given to it in Section 1.2 of this Offer document.

Underwriter means First Samuel Limited ACN 086 243 567.

Underwriting Agreement means the underwriting agreement between the Company and the Underwriter dated 5 October 2017.

6. CORPORATE DIRECTORY

DIRECTORS

Mark Bouris
Chairman

John Wilson
Managing Director

Paul Casey
Non-executive director

Graham Lenzner
Non-executive director

COMPANY SECRETARY
Craig Sowden

REGISTERED OFFICE

Level 11
1 Chifley Square
SYDNEY NSW 2000
Telephone: +61 2 9222 8890
Email: info@tz.net

LAWYERS TO THE OFFER

Landerer & Company
Level 31
133 Castlereagh Street
Sydney NSW 2000

SHARE REGISTRY

Computershare Investor Services Pty Limited
GPO Box 505
MELBOURNE VIC 3001

Website: www.computershare.com

ASX CODE

TZL

WEBSITE

www.tz.net