

Xped Limited ACN 122 203 196 (Company) - Prospectus

SPP Offers to Eligible Shareholders

For an offer to Eligible Shareholders to participate in a Share Purchase Plan by subscribing for up to \$15,000 worth of new Shares at an issue price of \$0.033 per Share (**SPP Shares**) to raise up to \$7,500,000 (**SPP Share Offer**).

For a bonus issue of one (1) Option exercisable at \$0.05 each, expiring on 31 December 2018 (**SPP Option**) for every one (1) Share offered to and acquired by Eligible Shareholders as part of the Share Purchase Plan (**SPP Option Offer**).

SPP Shortfall Offers to Investors

For an offer to Investors identified by the Company to acquire any Shares forming part of the shortfall from the Share Purchase Plan at an issue price of \$0.033 per Share (**Shortfall Shares**) to raise up to \$7,500,000 (**Shortfall Share Offer**).

For a bonus issue of one (1) Option exercisable at \$0.05 each, expiring on 31 December 2018 (**Shortfall Option**) for every one (1) Shortfall Share offered to and acquired by Investors (**Shortfall Option Offer**).

Convertible Securities Offers to the Convertible Securities Holder

For an offer to the Convertible Securities Holder of:

- Tranche 1A Convertible Securities with a purchase price of up to \$1,800,000 and a face value of up to \$2,000,000 (**Tranche 1A Offer**);
- Tranche 1B Convertible Securities with a purchase price of up to \$1,200,000 and a face value of up to \$1,333,333 (**Tranche 1B Offer**);
- Tranche 2 Convertible Securities with a purchase price of up to \$3,000,000 and a face value of up to \$3,333,333; (**Tranche 2 Offer**); and
- Tranche 3 Convertible Securities with a purchase price of up to \$3,000,000 and a face value of up to \$3,333,333 (**Tranche 3 Offer**),

each maturing 36 months after issue.

Additional Option Offer to the Convertible Securities Holder and Advisors

For the offer and issue of 110,000,000 Options exercisable at \$0.05 each, expiring on 31 December 2018 (**Additional Options**) to the Convertible Securities Holder and Advisors of the Company (**Additional Option Offer**).

General Information

No funds will be raised as a result of the SPP Option Offer, the Shortfall Option Offer or the Additional Option Offer.

All Offers (other than the Tranche 1A Offer) are conditional upon the Company obtaining Shareholder approval at a shareholder meeting scheduled for 19 January 2017 for which a notice of meeting was despatched on or about the date of this Prospectus. Refer to section 4.3 for further details.

Important Notice

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser. The Convertible Securities, Shares and Options offered by this Prospectus should be considered as speculative.

This is a transaction-specific prospectus issued in accordance with section 713 of the *Corporations Act 2001* (Cth).

Not for distribution in the United States of America or to U.S. persons.

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Chairman's letter

Dear existing and prospective investors,

Overview

On behalf of the Board of Directors of Xped Limited, it is my pleasure to present this Prospectus and to offer you the opportunity to participate in the future growth of the Company through this offer of securities.

On 5 April 2016, Xped Limited ("Xped" or "the Company") was reinstated to official quotation on the Australian Securities Exchange ("ASX"), completing the Company's transformation into an Internet of Things ("IoT") technology business. Xped is an Australian incorporated company engaged in developing and commercialising innovative technologies. The core technology asset being Auto Discovery Remote Control ("ADRC") an innovative platform for IoT. The Company owns various patents and patent applications in multiple jurisdictions in relation to its business.

Xped is focussed on commercialising and realising financial return from the Xped developed technologies and portfolio of patents it owns. Xped has a 100% owned revenue generating subsidiary JCT Healthcare Pty Ltd and Jackson Care Technologies Pty Ltd ("JCT") which was acquired on 4 July 2016. The Healthcare sector is a key vertical market for Xped and the acquisition is synergistic with the Xped vision for commercialisation of our technologies.

Xped continues to invest heavily in development of its technologies to produce commercial offerings and marketable solutions. Collaboration with partners is key to our success, and the Company is actively delivering on agreements for existing partners, while aggressively pursuing new partner opportunities with Silicon Vendors, ODMs, OEMs, Service Providers, Retailers and others. Xped has developed a detailed phase plan for the commercialisation of their technologies, and presented this to market.

Capital raising program

As announced to the market on 16 November 2016, the Company is presently undertaking a capital raising program. The Company has secured a 3 year convertible security which may raise up to \$9million (with a face value of up to \$10million). In conjunction with this, the Company wishes to provide its loyal shareholders with an opportunity to participate in the capital raising program by undertaking a Share Purchase Plan to raise up to \$7.5million.

It is proposed that the funds raised from the Convertible Securities and the Share Purchase Plan will be used for:

- (a) acceleration of roll out with new channel partners, and recent acquisitions, together with acquisition integration and development costs;
- (b) expansion of the Xped service offering and secure additional channel partners; and
- (c) costs of the Offers.

Share Purchase Plan

Participation in the Share Purchase Plan is available to shareholders of Xped who are registered as holders of Shares at 7pm (AEDT) on the Record Date of 15 November 2016 and whose registered address is in Australia and New Zealand ("Eligible Shareholders"). Under the Share Purchase Plan, each Eligible Shareholder may apply for up to \$15,000 worth of new Shares at 3.3 cents per Share with a 1:1 attaching option exercisable at 5 cents and expiring on 31 December 2018. Applications may be made for parcels of \$2,000, \$5,000, \$7,500, \$10,000 or \$15,000 worth of Shares (together with attaching options) under the Share Purchase Plan.

The Board has structured the Share Purchase Plan to encourage our loyal, smaller shareholders to apply and increase their holding in the Company. The issue price of 3.3 cents per Share is at a slight

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discount to the 5 trading day VWAP prior to the date of announcing the capital raising program (3.34 cents) and a 13.5% discount to the 20 trading day VWAP (3.86 cents).

If you are an Eligible Shareholder, your personalised Application Form in relation to the Shares and Options offered under the Share Purchase Plan together with a reply paid envelope are included in this package. The Share Purchase Plan will open on **Friday, 16 December 2016** and will close at **5.00pm (AEDT) on 20 January 2017**. Accordingly, shareholders are encouraged to submit their Application Forms as early as possible. Further details about how to apply for Shares and Options under the Share Purchase Plan are set out in section 0 of the Prospectus. If you choose not to participate in the Share Purchase Plan, your right to participate lapses on the closing date of the Share Purchase Plan.

In the event that less than 227,272,727 Shares are applied for under the Share Purchase Plan, the shortfall (together with attaching options) may be placed at the discretion of the Directors, subject to Shareholder approval.

EGM

All Offers made under this Prospectus (other than the Tranche 1A Offer of Convertible Securities) are subject to Shareholder approval. Applications can be made under this Prospectus during the periods outlined in the Prospectus, however, securities will not be issued by the Company in response to applications until the relevant Shareholder approval is obtained (other than in respect of the Tranche 1A Offer of Convertible Securities which is not subject to Shareholder approval). An extraordinary general meeting has been convened for 19 January 2016 to seek all such approvals.

Offers under the Prospectus

The offers of Shares and Options under the Share Purchase Plan (and in respect of any shortfall under the Share Purchase Plan), the offer of Convertible Securities and the offer of Options to the holder of the Convertible Securities and certain advisors of the Company who have assisted with the Offers (as announced on 16 November 2016) are all made pursuant to this Prospectus.

This Prospectus includes details of the Offers and the Company, together with a statement of the risks associated with investing in the Company. I recommend that you study the document carefully and seek independent professional advice before investing in the Company.

On behalf of the Directors, I invite you to consider this investment opportunity and look forward to your continued support as a shareholder or welcoming you as a new shareholder of the Company.

Yours sincerely,



Athan Lekkas
Chairman
Xped Limited

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1. Offer Statistics

Issue Price of SPP Shares and Shortfall Shares	\$0.033
Expected number of SPP Shares and Shortfall Shares to be issued ¹	227,272,727
Exercise Price of SPP Options, Shortfall Options and Additional Options	\$0.05
Expiry Date of SPP Options, Shortfall Options and Additional Options	31 December 2018
Expected number of SPP Options and Shortfall Options to be issued ²	227,272,727
Expected number of Additional Options to be issued ³	110,000,000
Number of Options on issue prior to Offer ⁴	60,000,000
Expected total Options on issue following the Offer ^{1, 2, 3, 4}	397,272,727
Number of Shares on issue prior to the Offer	2,084,716,668
Expected number of Shares on issue following the Offer ^{4, 5}	2,311,989,395
Issue Price of Convertible Securities	Up to \$9,000,000 (90% of the Face Value)
Face Value of Convertible Securities	Up to \$10,000,000
Maturity Date of Convertible Securities	36 months after issue

1 This assumes that fractional entitlements to SPP Shares are rounded down and that the maximum number of SPP Shares is issued.

2 The number of SPP Options and Shortfall Options to be issued depends on the total number of Shares issued pursuant to the SPP and the SPP Shortfall. This assumes that fractional entitlements to options are rounded down and that the maximum number of SPP Options and/or Shortfall Options is issued.

3 This assumes the maximum number of Additional Options are issued.

4 This assumes that none of the current Options are exercised.

5 This assumes that the SPP is fully subscribed, but that no Options are exercised.

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2. Key Dates

Event Date	Date
Announcement of Offers	16 November 2016
Prospectus lodged with ASIC and the ASX and Notice of Meeting despatched	16 December 2016
Offers open	16 December 2016
Issue of Convertible Securities pursuant to Tranche 1A Offer	21 December 2016
EGM	19 January 2017
SPP Share Offer and SPP Option Offer closes	20 January 2017
Issue of Convertible Securities pursuant to Tranche 1B Offer	24 January 2017
Issue of SPP Shares, SPP Options and Additional Options	27 January 2017
Despatch of new holding statements for SPP Shares, SPP Options and Additional Options	30 January 2017
Trading commences for SPP Shares, SPP Options and Additional Options	1 February 2017
Issue of Convertible Securities pursuant to Tranche 2 Offer	8 March 2017
Issue of Convertible Securities pursuant to Tranche 3 Offer	14 April 2017
Offers of Convertible Securities close	14 April 2017
Shortfall Share Offer and Shortfall Option Offer closes	14 April 2017
Issue of Shortfall Shares and Shortfall Options	19 April 2017
Despatch of new holding statements for Shortfall Shares and Shortfall Options	21 April 2017
Trading commences for Shortfall Shares and Shortfall Options	24 April 2017

The dates set out in this table are subject to change and are indicative only. The Company reserves the right to alter this timetable at any time, subject to the Corporations Act and the Listing Rules, without notice.

The Directors, subject to the requirements of the Listing Rules and the Corporations Act, reserve the right to:

- (a) withdraw some or all of the Offers without prior notice; or
- (b) vary any of the important dates set out in this Prospectus, including extending any of the Offers.

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3. Important information

3.1 General

This Prospectus is dated 16 December 2016 and was lodged with ASIC on that date. Neither ASIC nor the ASX (nor their officers) take any responsibility as to the contents of this Prospectus or the merits of the investment to which this Prospectus relates. No Convertible Securities, Shares or Options may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

This Prospectus contains offers of Shares (being continuously quoted Securities as defined in the Corporations Act) and Convertible Securities, and Options to acquire continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act.

Applications for the Convertible Securities, Shares and Options offered pursuant to this Prospectus can only be submitted on an original Application Form.

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

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Convertible Securities, Shares and Options that are the subject of this Prospectus should be considered speculative.

3.2 Foreign Shareholders and Investors

This Prospectus does not constitute an offer of the Convertible Securities, Shares or Options in any place in which, or to any person to whom, it would not be lawful to make such an offer. The Company has not made any investigations as to the regulatory requirements that may prevail in countries, outside of Australia and New Zealand, in which Shareholders may reside. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe those restrictions. Any failure to comply with restrictions might constitute a violation of applicable securities laws.

This document may not be released or distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. In particular, the Offers have not been, and will not be, registered under the US Securities Act or the securities law of any state of the United States, and the Convertible Securities, Shares and Options the subject of the Offers may not be offered or sold in the United States or to or for the account or benefit of any US Persons, except in a transaction exempt from the registration requirements of the US Securities Act and applicable United States state securities laws.

3.3 New Zealand

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

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

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

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

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

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

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

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

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

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

3.4 **Cayman Islands**

No offer or invitation to subscribe for the New Securities may be made to the public in the Cayman Islands.

3.5 **Transaction Specific Prospectus**

This Prospectus is a transaction specific prospectus for an offer of Shares (being continuously quoted Securities as defined in the Corporations Act) and Convertible Securities, and Options to acquire continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

3.6 **Risk factors**

Shareholders should be aware that holding securities in the Company involves a number of risks. The key risk factors of which Shareholders should be aware are set out in section 9 of this Prospectus. These risks, together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of Shares, the Convertible

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Securities and Options in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers in relation to the issue of the Convertible Securities, Shares and Options pursuant to this Prospectus.

3.7 **Deciding to accept the Offer**

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital or the payment of a return on the Convertible Securities, Shares or Options. The information in this Prospectus does not constitute a securities recommendation or financial product advice. In preparing this Prospectus, the Company has not taken into account the investment objectives, financial situation or particular needs of any particular person.

This Prospectus is an important document and you should read it in full before deciding whether to invest pursuant to the Offer. You should also have regard to other publicly available information about the Company, including ASX announcements, which can be found at the Company's website: www.xped.com.

3.8 **Glossary**

Certain terms used in this Prospectus are defined in the Glossary in Section 12 of this Prospectus. Money as expressed in this Prospectus is in Australian dollars unless otherwise indicated.

3.9 **Forward Looking Statements**

The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward looking statements. The forward looking statements in this Prospectus are based on the Company's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and its Directors, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Prospectus. Investors should specifically refer to the "Risks Section" in section 9 of this Prospectus. That section refers to some, but not all, of the matters that may cause actual results to differ from the position stated in any forward looking statement in this Prospectus.

Investors should be aware that past Share or Option price performance of the Company provides no guidance to its future Share or Option price performance. Neither the Company nor any other person warrants or guarantees the future performance of the Convertible Securities, Shares or Options offered under this Prospectus or the Shares generally or any return on any investment made pursuant to this Prospectus.

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4. Investment Summary

The information set out in this section is not intended to be comprehensive and should be read in conjunction with the full text of this Prospectus.

4.1 The Company and its progress since re-listing

Xped relisted on the ASX on 5 April 2016. The Company has invested in technical resources within the engineering teams and has been actively developing their technologies towards commercialisation. This has resulted in the Company achieving several technical achievements including:

- a) Development and release of a Native Device Browser app, the Xped App, on both the Apple and Google Android platforms.
- b) Development of the ADRC Product and Device registration system on the Microsoft Azure platform.
- c) Successful porting ADRC onto Intel IoT Gateway device.
- d) Successful development and demonstration of Xerts digital coupon solution.

The Company became a Platinum member of the Open Connectivity Foundation. The Open Connectivity Foundation (**OCF**) provides an opportunity for Xped to network with other companies involved in the OCF, and provide technical input to OCF technical working groups.

The Company has made several new appointments to the board with Martin Despain joining as Managing Director, and Dr. Wenjun Sheng joining as Non-Executive Director. These two appointments have strengthened the Board, contributing their technical and commercial expertise and experience.

The Company acquired a healthcare technology company, JCT Healthcare Pty Ltd and Jackson Care Technologies Pty Ltd (together referred to as **JCT**), in July 2016. The acquisition provided Xped with immediate revenue and access to the healthcare market. The Company is currently working together with JCT on an IoT project for Disability SA.

The Company executed a Sale and Purchase agreement with Vital Xense Pte Ltd to obtain a 35% interest in Vital Xense in exchange for providing services. Under this agreement, Xped and Vital Xense will jointly design and develop new IoT products and solutions. Under these terms, Xped is currently providing product samples for a Vital Xense data centre monitoring solution.

The Company has signed a non-exclusive Joint Venture agreement with Complex Semiconductor Co Ltd to jointly develop sales and manufacturing channels to allow ADRC growth through Xped app subscriber acquisition, device data capture, analytics and product distribution in China and abroad.

Xped has recently provided an update to its roadmap to revenue outlining its strategies to generate multiple revenue streams commencing 2017. The roadmap outlined the transition of Xped to become an IoT infrastructure service provider. Xped will develop the Xped Infrastructure Platform expanding on the existing capabilities and features of ADRC. Xped is targeting Silicon Vendors, ODMs, OEMs, retailers and system integrators to license their technologies, and as channel partners.

To execute this strategy Xped requires additional funds to expand the service offering. The Company will increase the investment in resources, particularly in engineering and software development. Additional resources will be recruited to expand existing teams and increase in house expertise and capacity. Further to this investment Xped intends to establish, through

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service agreements, multiple offshore development centres to facilitate the rapid delivery of key technical objectives, while providing a lower cost base.

The Company continues to evaluate acquisition, collaborative agreement and joint venture opportunities and requires additional funds to put itself in a position where it can act on opportunities as they are deemed beneficial and as and when they are identified. As at the date of this Prospectus the Company is not party to any agreements in respect of acquisitions, collaborative agreements or joint venture opportunities other than as disclosed in this Prospectus or to the ASX previously. The Company will continue to update the market on its progress in respect of any such opportunities from time to time.

4.2 The Offers

As announced on 16 November 2016, the Company is seeking to raise additional funding of up to \$16,500,000 which involves:

- (a) the SPP Share Offer and Shortfall Share Offer, which will raise up to approximately \$7,500,000, subject to shareholder approval;
- (b) the Tranche 1A Offer for Convertible Securities which will raise up to \$1,800,000 and has a face value of up to \$2,000,000;
- (c) the Tranche 1B Offer for Convertible Securities which will raise up to \$1,200,000 and have a face value of up to approximately \$1,333,333, subject to shareholder approval;
- (d) the Tranche 2 Offer for Convertible Securities which will raise up to \$3,000,000 and have a face value of up to approximately \$3,333,333, subject to shareholder approval; and
- (e) the Tranche 3 Offer for Convertible Securities which will raise up to \$3,000,000 and have a face value of up to approximately \$3,333,333, subject to shareholder approval.

In conjunction with the issue of the Convertible Securities (further details of which are set out below), the Company is offering to Eligible Shareholders the opportunity to participate in a Share Purchase Plan, subject to Shareholder approval, and acquire up to \$15,000 worth of Shares per Eligible Shareholder. The SPP Shares will have an issue price of \$0.033 per Share (**SPP Share Offer**). In addition, the Company is pleased to offer Eligible Shareholders who receive SPP Shares, subject to Shareholder approval, one (1) bonus SPP Option for every one (1) SPP Share issued under the SPP. The SPP Options will be a new class of Option which are exercisable at \$0.05 each, expire on 31 December 2018 and are otherwise on the terms set out in section 8.1. It is intended that the SPP Options will be listed (**SPP Option Offer**).

The Company will also be seeking to issue any shortfall arising from the SPP to unrelated parties, subject to Shareholder approval (**Shortfall Share Offer**), and will offer one (1) bonus Shortfall Option for every one (1) Shortfall Share issued as part of the SPP Shortfall (**Shortfall Option Offer**).

The above process involves the issue of Convertible Securities in several tranches with a total face value of up to \$10,000,000 (with a total purchase price of up to \$9,000,000) which may be converted into Shares within 36 months after the respective date of issue and are otherwise on the terms set out in section 8.3. The offers of the Convertible Securities pursuant to the Tranche 1A Offer, Tranche 1B Offer, Tranche 2 Offer and Tranche 3 Offer to raise up to \$9,000,000 (with a face value up to \$10,000,000) are referred to as the "**Convertible Securities Offers**". All of the Convertible Securities Offers, other than the Tranche 1A Offer, are subject to Shareholder approval.

In addition, subject to Shareholder approval, the professional advisors to the raising and the Convertible Securities Holder will be issued up to 110,000,000 Additional Options, which will

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be on the same terms as the SPP Options. The Additional Options will be a new class of Option which are exercisable at \$0.05 each, expire on 31 December 2018 and are otherwise on the terms set out in section 8.1. It is intended that the Additional Options will be listed (**Additional Option Offer**).

4.3 **Conditional Offers**

The Offers (excluding the Tranche 1A Offer) are each conditional on the Company obtaining Shareholder approval for the grant of the respective Convertible Securities, Shares and Options. The Company has scheduled the Meeting for 19 January 2017 to obtain these approvals. If Shareholder approval is not obtained in relation to the Convertible Securities (other than those the subject of the Tranche 1A Offer), Shares or Options, those Convertible Securities, Shares or Options will not be issued under this Prospectus.

4.4 **Minimum subscription**

There is no minimum subscription to the Offers.

4.5 **Purpose of the Offer and proposed use of funds**

The purpose of the Convertible Securities Offers, SPP Share Offer and Shortfall Share Offer is to raise additional funding for the Company to deliver and execute on its planned aggressive growth and expansion.

To execute this strategy Xped requires additional funds to expand the service offering. The Company will increase the investment in resources, particularly in engineering and software development. Additional resources will be recruited to expand existing teams and increase in house expertise and capacity. Further to this investment Xped intends to establish, through service agreements, multiple offshore development centres to facilitate the rapid delivery of key technical objectives, while providing a lower cost base.

The Company continues to evaluate acquisition, collaborative agreement and joint venture opportunities and requires additional funds to put itself in a position where it can act on opportunities as they are deemed beneficial and as and when they are identified. As at the date of this Prospectus the Company is not party to any agreements in respect of acquisitions, collaborative agreements or joint venture opportunities other than as disclosed in this Prospectus or to the ASX previously. The Company will continue to update the market on its progress in respect of any such opportunities from time to time.

The purpose of the SPP Option Offer, Shortfall Option Offer and Additional Option Offer is to reward Shareholders, Investors and the Convertible Securities Holder for their support of the Company.

The issue of the Options will also provide the Company with a potential source of additional capital if the Options are exercised. No funds will be raised through the issue of the Options pursuant to this Prospectus, however if all the Options are exercised, the Company will receive approximately \$16,863,636. Any funds raised upon the exercise of any of the Options will be allocated to the Company's working and investment capital.

The proceeds from the Offer (assuming the maximum amount under the Share Purchase Plan and the Convertible Securities is raised, being \$16.5million), together the cash on hand of the Company as at 15 December 2016 (being approximately \$6.5million) are proposed to be allocated in the following manner:

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	2017	2018	Total \$
Sales and Business development costs			
Business development including overseas expansion ¹	\$261,000	\$336,000	\$597,000
Sales and marketing activities	\$318,000	\$318,000	\$636,000
Engineering development costs			
Build and development of hardware products ²	\$1,100,000	\$860,000	\$1,960,000
Build and development of software products ³	\$1,580,000	\$850,000	\$2,430,000
Research and development costs			
Research and development ⁴	\$420,000	\$480,000	\$900,000
Administration costs and other expenses			
Administration and overheads	\$756,000	\$771,000	\$1,527,000
Restoration costs of geothermal well ⁵	\$550,000	-	\$550,000
Employment costs			
Employment costs of executive and administration salaries	\$2,057,000	\$2,112,000	\$4,169,000
Offer costs			
Expenses of offer ⁶	\$1,189,750	-	\$1,189,750
Acquisition costs			
JCT acquisition ⁷ and integration	\$2,750,000	\$1,000,000	\$3,750,000
Channel partners and future acquisitions	\$3,271,250	\$2,000,000	\$5,271,250
Total Expenditure	\$14,253,000	\$8,727,000	\$22,980,000

Notes:

1. Business development costs includes business development salaries and overseas expansion.
2. Build and development of ADRC enabled equipment including new sensors and integrated chip design.
3. Software development includes Rules Engine/Proxy builds, Xped App features and enhancements and IoTG gateway.
4. R&D includes Intellectual Property expansion, new product and technology concepts.
5. Rehabilitation costs for Salamander-1 geothermal well in South Australia.
6. See table below for further details.
7. See ASX announcements of 7 June 2016 and 7 September 2016 for further details regarding subsequent payment consideration to the vendor of JCT which is payable in cash (up to \$1,250,000) and Shares (up to \$500,000 worth) if certain conditions are met.

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Offer costs

Item of expenditure	Amount of expenditure (\$) (excluding GST)
ASX and ASIC fees	\$50,000
Legal	\$85,000
Accounting	\$10,000
Capital Raising Fees (assuming all Convertible Securities and all SPP Shares are issued) ¹	\$1,008,750
Printing and registry costs	\$36,000
Estimated total	\$1,189,750
GST	\$118,975
Estimated total (including GST)	\$1,308,725

Notes:

1. Hunter Capital will be paid a fee of 5% on the amount raised from the issue of the Convertible Securities. Cadmon Advisory Pty Ltd will be paid a fee of 1% on the amount raised from the issue of the Convertible Securities and 6.25% on the amount raised from the SPP. See section 10.5 for further details.

On completion of the Offers the Company has budgeted a program to expend up to \$23million over the next two years.

Notwithstanding the allocations set out above, in the event that circumstances change or other beneficial opportunities arise, the Directors reserve the right to vary the proposed use of funds to maximise the benefit to Shareholders.

4.6 Investment highlights

The investment highlights of the Offer include:

- Funds raised will be used for:
 - acceleration of roll out with new channel partners, and recent acquisitions, together with acquisition integration and development costs;
 - expansion of the Xped service offering and secure additional channel partners; and
 - costs of the Offers.
- The opportunity to participate in the benefits associated with holding Shares in a listed technology company that will be targeting Silicon Vendors, ODMs, OEMs, retailers and system integrators to license their technologies, and as channel partners.
- The Company will be managed by directors and officers with significant experience in the technology industry that will hold the necessary skills and a view to guiding the Company to be a significant player in that industry.
- The issue price of \$0.033 per SPP Share represents a 1.2% discount to the 5 trading day volume-weighted average price for Shares (being \$0.0334) as at 15 November 2016;
- The Share Purchase Plan includes 1 SPP Option for every 1 SPP Share subscribed for and issued under the Share Purchase Plan, exercisable at \$0.05 and expiring on

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31 December 2018. The Company will apply for quotation of the SPP Options subject to meeting conditions for quotation.

4.7 Capital Structure post Offers assuming Offers fully subscribed

Securities	Number of Shares	%	Number of Options	%
Existing securities	2,084,716,668 ¹	90.17%	60,000,000 ^{1,3}	15.10%
New securities offered under the Prospectus	227,272,727 ²	9.83%	337,272,727 ²	84.90%
TOTAL	2,311,989,395	100%	397,272,727	100%

Notes:

1. Assumes that no existing options are exercised after the date of this Prospectus.
2. Assumes the SPP is fully subscribed.
3. This excludes the existing 150million Management Performance Shares which are in the process of being cancelled as well as the Convertible Securities (see notes below).

In addition:

- (1) The Convertible Securities to be issued pursuant to the Convertible Securities Offers will be able to be converted into Shares of the Company using the respective conversion formulas (refer to section 8.3 for further details). By way of example only, if the maximum level of Convertible Securities were issued by the Company (having a face value of \$10,000,000) and all of the Convertible Securities were converted on or immediately prior to their respective maturity date, it would have the following effect on the issued and outstanding capital of the Company:

Example Conversion Price	Number of Shares upon Conversion	% of Current Issued Capital (2,084,716,668)	% of Issued Share Capital on Completion of fully subscribed SPP (2,311,989,395)
\$0.016	625,000,000	29.98%	27.03%
\$0.033	303,030,303	14.54%	13.11%
\$0.050	200,000,000	9.59%	8.65%

The above is provided by way of example only. The actual number of Shares which may be issued on Conversion of the Convertible Securities is dependent upon the face value of the Convertible Securities together with the conversion price as detailed in section 8.3.

- (2) 150,000,000 Management Performance Shares were issued on 23 March 2016. The Management Performance Shares do not have any voting, dividend or distribution rights, however, would convert to Shares upon certain performance criteria being satisfied. On 30 November 2016 at the Company's annual general meeting the shareholders approved the cancellation of these Management Performance Shares. The Company anticipates the cancellation will be effected on or about 28 December 2016.

4.8 Risk factors

Investing in the Company involves risk. Prior to making an investment decision with regard to the IoT industry, investors should carefully consider the risk factors, all of which may affect the Company and the industry in which it will operate.

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There are factors, both specific to the Company and of a general nature, which may affect the future operating and financial performance of the Company. Some of these factors can be mitigated by appropriate commercial action. However, many are outside the control of the Company, dependent on the policies adopted and approaches taken by regulatory authorities, or cannot otherwise be mitigated. If you are unsure about subscribing for New Shares, you should first seek advice from your stockbroker, accountant, financial or other professional adviser.

The following sets out a summary of some of the key risks relevant to the Company and its operations:

Risk	Details
<p>Protection of IP/IT</p>	<p>At the core of Xped’s business is its proprietary application software. At the core of Xped’s business is its proprietary application software and the intellectual property at the core of the Xped Technology is key to its success. There is a risk that other individuals or companies may claim to have any interest in the intellectual property utilised in Xped Technology.</p> <p>If Xped fails to protect its Xped Technology intellectual property rights adequately, competitors may gain access to Xped Technology or parts of it which may harm its business and the value of the Shares.</p> <p>In addition, there may well be significant value attached to the trademarks and other similar forms of intellectual property associated with the Xped brand. Failure by Xped to adequately protect against infringements of intellectual property associated with its brand may result in significant damage to that brand and ultimately the value of the Shares.</p> <p>Effective patent, trademark, copyright and trade secret protection may not be available to Xped in every country in which the Xped Technology may eventually be launched. Accordingly, despite its efforts, Xped may not be able to prevent third parties from infringing upon or misappropriating its intellectual property in that country.</p>
<p>Dependence on the Internet and telecommunications infrastructure</p>	<p>The success of Xped Technology and products will depend to some extent on the availability and stability of telecommunications infrastructure, and in particular the infrastructure over which devices directly communicate with each other and the Internet.</p> <p>The utility of both connectivity and the Internet for carrying communications between devices can be adversely impacted upon as a result of the rapidly increasing demands for bandwidth, data security, reliability, cost, accessibility and quality-of-service. Delays in the development or adoption of new standards and protocols to handle these increased demands may impact on the adoption of Xped Technology and ultimately the success of Xped’s business. The performance of the Internet has been harmed by “viruses,” “worms” and similar malicious programs, and the Internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure.</p> <p>Importantly, Xped’s ADRC is agnostic of the transmission technology used. A wide range of wireless as well as wireline options can be used and would be dependent upon the application and development resources. This is a decision made by the manufacturer on what best suits the needs of their customers.</p>

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Risk	Details
	Please note that Xped's ADRC platform does not rely on access to the internet to function, however the experience may be enhanced if connection is made. The Xped Infrastructure Platform will require internet connectivity to deliver full functionality.
Standardisation Risk	Whilst Xped is hopeful that its ADRC technology may present the opportunity for adoption as a future standard, because of the activity by others at this time in this sector using different standards, no assurance can be given that Xped's technology will be adopted as the standard in this sector. The Company is mitigating this risk through diversifying its onboarding capabilities to include other standards including BLE, and WiFi transport standards.
Commercialisation Risk	Commercialisation of Xped's technology will require Xped to identify appropriate vendors, product designers and manufacturers and negotiate agreements on commercial terms to generate royalty and licence fee based revenue income. Whilst Xped is in either collaboration arrangements or proof of concept trials with a number of international and Australian companies, it does not at this time have a revenue generating licence agreement with any third parties and no assurance can be given that Xped will be successful in entering into such agreements.
Hacker risk, Technology / disruption / corruption / systems failure	<p>Security concerns and the possibility of data corruption and data manipulation are particular concerns with NFC technology. Where consumers perceive that ADRC is insecure and open to being hacked then the adoption of Xped Technology may be impacted. This may ultimately impact on the success of Xped.</p> <p>Whilst Xped have sought as part of the design of their ADRC technology to incorporate security aspects, at the present time this security design is still being investigated and no assurance can be given at this time that Xped's technology will be immune from the usual range of IoT technology risks.</p> <p>To mitigate any risks associated with NFC security, Xped will be implementing changes to the hardware design to include an AES encryption engine.</p>
Extensive competition	There is a great deal of interest in the "Internet of Things" and device connectivity. Accordingly there is huge potential future competition and there can be no assurances that the competitive environment will not change adversely due to actions of competitors or changes in customer preferences.
Loss of key personnel	The Company will rely heavily on the experience and knowledge of Martin Despain, Athan Lekkias, John Schultz and Christopher Wood. In the event that any of these persons or any other key personnel that the Company subsequently recruits leaves the Company and the Company is unable to recruit suitable replacements, such loss could have a materially adverse effect on the Company.
Research and Development Risks	Investments in research and development technologies such as the Xped Technology are often uncertain or unproven, and the exact value of those assets may not be known at the time that the

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Risk	Details
	Company acquires them.
Material arrangements	<p>Xped and its subsidiaries have entered various material arrangements which are important to the future of the Group. Any failure by counterparties to these arrangements to perform their obligations under such material arrangements, may have a material adverse effect on the Group, and there can be no assurance that the Group would be successful in attempting to enforce any of its rights through legal action.</p> <p>In addition Xped and its subsidiaries have entered a number of non-binding arrangements, by way of memorandums of understanding. These arrangements by their nature may be nonbinding and unenforceable. As such, in the event that the other parties to these arrangements fail to perform their obligations, the Group may have no right to enforce the provisions of these arrangements through legal action.</p>
Relationships with suppliers	<p>The Company will rely on sourcing products from various suppliers and any material adverse change in the Company's relationships with its suppliers, its terms of trade, or the ability of key suppliers to service orders could have an adverse impact on the Company's prospects.</p> <p>It is important to note, however, that the business model for Xped is licensing of IP software infrastructure services, and professional services. As such, its business revolves largely around the supply of software and professional services and does not heavily rely upon the supply of other products.</p> <p>In areas where supply of components is necessary, i.e. to provide that same IP on a module, multiple avenues of supply will be available. Xped's ADRC is agnostic of the chip supplier and Xped is in discussions with several semiconductor firms to ensure that problems with availability are mitigated.</p>
Growth prospects and company expansion plans	<p>The Company's growth prospects are dependent upon a number of factors. If the Company fails to execute any expansion plan, its financial performance is likely to be negatively affected.</p> <p>Xped recognises that any exponential growth will be achieved through partnerships it creates. The Company's technology has diverse appeal and application and as such the partnerships either formed or being created are in a diverse set of industry verticals. The Company has identified a number of target vertical markets including Healthcare and through its subsidiary JCT Healthcare has a clear entry point into this market. The Company has identified Data Centres as another vertical and through a partnership with Vital Xense is actively developing solutions in this market.</p> <p>Xped is also taking proactive steps to enter verticals where there is opportunity for commercial return.</p>
Regulatory risks	<p>Currently there are few IoT-specific laws and regulations. However in Australia, IoT-based technologies may be impacted by informational privacy laws. Such laws differ from jurisdiction to jurisdiction.</p> <p>In Australia, the collection, use, storage and disclosure of</p>

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Risk	Details
	<p>“personal information” is principally regulated by the <i>Privacy Act 1988</i> (Cth) (Privacy Act). The Privacy Act does not prohibit IoT-based technologies but it could in certain circumstances impose additional compliance obligations on businesses that use or commercialise those technologies.</p> <p>The compliance obligations under the Privacy Act only extend to “personal information”. The term “personal information” is defined in the Privacy Act to mean (in summary) information or an opinion about an identified individual, or an individual who is reasonably identifiable.</p> <p>If the ADRC IoT Platform Technology collects data which falls within the definition of “personal information”, then the compliance regime under the Privacy Act will apply to the Company in respect of the collection, use, storage and disclosure of that “personal information”.</p> <p>If the data collected by the ADRC IoT Platform Technology does not (by itself) constitute “information or an opinion about an identified individual” (such a device MAC address, an IP address or event metadata), it is still possible that such data could be aggregated with other datasets which, together, could be considered personal information.</p> <p>The Company will take steps to ensure compliance with any applicable requirements of the Privacy Act.</p> <p>In addition there may be increased regulation and therefore increased regulatory compliance costs for Xped’s business in respect of such areas as:</p> <ul style="list-style-type: none"> - spectrum management; - interoperability and open systems; - network resilience and Security; - security and data privacy; - data sharing; and - numbering. <p>As laws and regulations develop around each of these areas in jurisdictions in which devices using Xped Technology are located, or in which data necessary for the application of that technology is collected, transferred, accessed, stored or analysed, there may be increased regulatory compliance costs for Xped’s business. However, these costs may be off-set to some degree by the increased take up and adoption of IoT applications in general, and Xped’s technology in particular as consumer confidence in the security, safety and reliability of these IoT technologies increase.</p>

Further details regarding risks which may affect the Company in the future are set out in section 9.

The securities offered under this Prospectus carry no guarantee of profitability, dividends, return of capital or the price at which they may trade on ASX. The past performance of the Company should not necessarily be considered a guide to their future performance.

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4.9 Terms of Securities

A summary of the rights attaching to the Shares, Options and Convertible Securities offered by this Prospectus are set out in sections 8.1, 8.2 and 8.3 respectively.

4.10 Applying for SPP Shares and SPP Options

Eligible Shareholders may apply for up to \$15,000 worth of SPP Shares (with attaching SPP Options) pursuant to the Share Purchase Plan. The SPP Option Offer will open on 16 December 2016 and will remain open until 5.00pm (AEDT) on 20 January 2017 (subject to the Director's discretion to close the SPP early). Information regarding how to apply for Shares and Options under the SPP is set out in section 5.2 below.

5. Details of the Offers

5.1 The Offers

The following Offers are being made pursuant to this Prospectus:

SPP Share and Option Offers

An offer to Eligible Shareholders to participate in a Share Purchase Plan by subscribing for up to \$15,000 worth of new Shares at an issue price of \$0.033 per SPP Share to raise up to \$7,500,000 (representing up to 227,272,727 SPP Shares).

An offer of up to 227,272,727 SPP Options to Eligible Shareholders on the basis of one (1) bonus SPP Option for every one (1) Share issued pursuant to the SPP, to be issued for nil consideration.

Information regarding how to apply for Shares and Options under the SPP are set out in section 5.2 below.

Shortfall Share and Option Offers

An offer of up to 227,272,727 Shortfall Shares to Investors issued as part of any SPP Shortfall, at an issue price of \$0.033 per Share. The number of Shortfall Shares ultimately offered will be determined by the level of shortfall under the SPP. If there is no SPP Shortfall, no Shortfall Shares will be offered to Investors.

An offer of up to 227,272,727 Shortfall Options to Investors on the basis of one (1) Shortfall Option for every one (1) Shortfall Share issued as part of any SPP Shortfall pursuant, to be issued for nil consideration. The number of Shortfall Options ultimately offered will be determined by the level of the SPP Shortfall. If there is no SPP Shortfall, no Shortfall Options will be offered to Investors.

Information regarding how to apply for Shortfall Shares and Shortfall Options under the SPP Shortfall are set out in section 5.3 below.

Convertible Securities Offers

The following offers to the Convertible Securities Holder being the Tranche 1A Offer, Tranche 1B Offer, Tranche 2 Offer and Tranche 3 Offer of Convertible Securities with a purchase price of up to \$9,000,000 and a face value of up to \$10,000,000. Information regarding how to apply for Convertible Securities is set out in section 5.4 below.

Additional Option Offer

An offer and issue of up to 110,000,000 Additional Options as follows:

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- (a) 35,000,000 Additional Options to the Convertible Securities Holder; and
- (b) 75,000,000 Additional Options to Advisors of the Company,

to be issued for nil consideration.

Information regarding how to apply for Additional Options is set out in section 5.4 below.

General Information relating to the Offers

Fractional entitlements to Shares and Options will be rounded down to the nearest whole number.

Up to \$16,500,000 funds may be raised pursuant to the Convertible Securities Offers, SPP Share Offer and Shortfall Share Offer. No funds will be raised as a result of the SPP Option Offer, Shortfall Option Offer and Additional Option Offer.

As at the date of this Prospectus the Company has unlisted options on issue, which have different terms to the Options offered under this Prospectus. As such, the Options will form a new class of securities which, subject to compliance with the ASX requirements, will be listed on the ASX.

All of the Convertible Securities offered under the Prospectus will be issued on the terms and conditions set out in section 8.3.

All of the Options offered under this Prospectus will be issued on the terms and conditions set out in section 8.2 of this Prospectus.

All of the Shares issued upon the future exercise of the Options and Convertible Securities offered under this Prospectus will rank equally with the Shares on issue at the date of issue. Please refer to section 8.1 for further information regarding the rights and liabilities attaching to the Shares.

The Offers are non-renounceable.

5.2 Share Purchase Plan

(a) SPP Share Offer

The SPP Share Offer is being made to Eligible Shareholders to increase their existing shareholding in the Company and participate in the future prospects of the Company. The SPP is a convenient and cost effective way for Eligible Shareholders to acquire fully paid ordinary shares in the Company (**SPP Shares**).

Subject to Shareholder approval, the SPP Share Offer under this Prospectus consists of an offer of up to 227,272,727 SPP Shares to be issued to Eligible Shareholders at an issue price of \$0.033 per Share to raise up to \$7,500,000. In addition, subject to Shareholder approval, the Company is offering one (1) SPP Option for every one (1) SPP Share subscribed for under the SPP on the terms described in section 8.2. The SPP Shares to be issued pursuant to this Prospectus, and Shares to be issued upon exercise of the SPP Options, are of the same class and will rank equally in all respects with the then issued and outstanding Shares in the Company. The rights attaching to the Shares are further described in section 8.1 below.

(b) Shareholder approval

Shareholder approval for the SPP Share Offer and SPP Option Offer will be sought at an extraordinary general meeting of Shareholders to be held on 19 January 2017.

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(c) **Who is Eligible**

Participation in the SPP Share Offer and the SPP Option Offer is optional and is available exclusively to shareholders of the Company who are registered as holders of Shares at 7pm (AEDT) on the Record Date of 15 November 2016 and whose registered address is in Australia and New Zealand (**Eligible Shareholders**). The Company has determined that it is not practical for holders of Shares with addresses on the register in other jurisdictions to participate in the Share Purchase Plan.

If you are an Eligible Shareholder you should have received a copy of this Prospectus together with a personalised Application Form and a reply paid envelope.

(d) **How much can you invest**

Consistent with ASIC Class Order 09/425, each Eligible Shareholder may only purchase up to \$15,000 worth of SPP Shares under the SPP. This represents 454,545 SPP Shares, together with 454,545 SPP Options. This value is the same for all Shareholders, irrespective of how many Shares are held at the Record Date. This limit also applies if a Shareholder receives more than one offer from the Company (for example, if a Shareholder is both a sole and joint Eligible Shareholder or a shareholder with more than one holding under a separate account, the Shareholder can only apply for SPP Shares up to a maximum value of \$15,000).

Under the Share Purchase Plan, Eligible Shareholders may participate by selecting only one of the following options to purchase SPP Shares and SPP Options under the Share Purchase Plan:

	Total amount payable at AUD\$0.033 per Share	Number of SPP Shares which may be applied for	Number of SPP Options which may be issued
Offer A	\$15,000	454,545	454,545
Offer B	\$10,000	303,030	303,030
Offer C	\$7,500	227,272	227,272
Offer D	\$5,000	151,515	151,515
Offer E	\$2,000	60,606	60,606

Fractional Shares will be rounded down. No brokerage, stamp duty or other costs are payable by Applicants in respect of an application for SPP Shares and SPP Options under this Prospectus. The Company may pay brokerage and other commissions in respect of any subscriptions procured in respect of any of the SPP Shortfall, as determined by the Board in its discretion.

If two or more persons are recorded in the register of shareholders of the Company as jointly holding Shares, they are considered to be a single registered holder for the purposes of this Share Purchase Plan and they are entitled to participate in the Share Purchase Plan in respect of that single holding only. If as joint holders, they receive more than one offer under the Share Purchase Plan due to multiple identical holdings,

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the joint holders may still only contribute a maximum of AUD\$15,000 in applying under the Share Purchase Plan.

(e) **Subscription Price**

The SPP Share Offer price of \$0.033 per SPP Share is payable in full on acceptance of part or all of your entitlement. No additional amount is payable in respect of the SPP Options, however, these will be issued on the basis of one SPP Option for every one SPP Share issued to an Eligible Shareholder.

Compared with the average closing market price (over the last 5 days on which trading in the Company's Shares were recorded prior to the announcement of the SPP (on 16 November 2016), being 31 October to 4 November 2016) the SPP Share Offer price of \$0.033 represents a 3.5% discount to the average closing market price over that period (being 3.42 cents).

The Shares are a speculative investment and the market price of the Shares may change between the Opening Date and the Issue Date. This means that the SPP Share Offer price of \$0.033 per SPP Share may exceed the market price of the Shares at the Issue Date. The Company does not make any assurance as to the market price of Shares and there can be no certainty that Shares in the Company will trade at or above the SPP Share Offer price of \$0.033 per SPP Share following the Issue Date. Shareholders should seek their own financial advice in relation to, and participation in, the SPP.

(f) **How to apply**

The SPP Share Offer and the SPP Option Offer will open on 16 December 2016 and will remain open until 5.00pm (AEDT) on 20 January 2017.

Eligible Shareholders who wish to apply for Shares under the SPP (and associated SPP Options) must either:

- (1) make a BPAY[®] payment from your cheque or savings account by using the Biller Code and Reference Number shown on your Application Form which is required to identify your holding.

If you have multiple holdings you will have multiple BPAY Reference Numbers. To ensure you receive your SPP Shares and SPP Options under the Share Purchase Plan in respect of that holding you must use the specific Biller Code and Reference Number shown on each personalised Application Form when paying for any SPP Shares that you may wish to apply for in respect of that holding (noting the SPP Share Offer is limited to \$15,000 per Eligible Shareholder). If you inadvertently use the same Reference Number for more than one of your applications, you will be deemed to have applied only for that application to which that Reference Number applies and any excess amount will be refunded.

If you make your payment using BPAY[®] you do not need to return your Application Form. 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. You may also have your own limit on the amount that can be paid via BPAY. It is your responsibility to check that the amount you wish to pay via BPAY does not exceed your limit; or

- (2) complete the enclosed Application Form and send it by mail or delivery together with payment so that it is received by no later than the Closing Date for the SPP Share Offer and SPP Option Offer, being **5.00pm (AEDT) on 20**

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January 2017 or such later date as the Directors determine to the Company's share registry at the below address:

**Automic
Level 3, 50 Holt Street
Surry Hills NSW 2010**

Payment should be made by cheque in Australian currency made payable to "Xped Limited" and crossed "not negotiable".

Payment will only be accepted in Australian currency and cheques, bank drafts, money orders and BPAY payments must be drawn on an Australian bank.

If you intend to pay for the SPP Shares by BPAY, there is no need to return the Application Form, but you must ensure that your payment is received by no later than 5:00pm (AEDT) on the Closing Date or such later date as the Directors' determine (keeping in mind that payments made by BPAY may take 1 or more Business Days to clear). You should ensure that sufficient funds are held in the relevant account(s) to cover the application monies. If the amount of your cheque for application monies is insufficient to pay in full for the number of whole SPP Shares you have applied for in your Application Form, you will be taken to have applied for such lower number of SPP Shares as your cleared application monies will pay for (and to have that number of SPP Shares on your Application Form). Alternatively, your application will be rejected. If your cheque does not clear due to insufficient funds in your account, your application will be rejected. Further, if you provide a cheque or money order for the incorrect amount, the Company may treat you as applying for as many SPP Shares as your cheque, bank draft or money order will pay for.

Applicants should not forward cash and direct bank transfers are not permitted. You will not be able to withdraw or revoke your application once you have submitted it, other than as required by the Corporations Act.

Applicants are encouraged to lodge their Application Form as soon as possible, as the SPP may close early without notice.

No stamp duty, brokerage or handling fees are payable by the Applicant for the SPP Shares and SPP Options offered by this Prospectus.

Application monies will be held in trust in a subscription account until allotment of the SPP Shares. The subscription account will be established and kept by the Company on behalf of the Applicants. Any interest earned on the application monies will be retained by the Company irrespective of whether allotment takes place.

(g) **Acknowledgements and Certifications**

By completing and returning your personalised Application Form with the requisite application money or making a payment by BPAY, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- (1) you certify that the aggregate of the application price paid by you for:
 - (A) the SPP Shares the subject of such Application Form or the BPAY payment;
 - (B) any other SPP Shares which you have instructed a Custodian to acquire on your behalf under the SPP; and

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- (C) any other Shares issued to you, or a Custodian (as a result of an instruction given by you to the Custodian or another Custodian to apply for Shares in the Company on your behalf) under the SPP or under any similar arrangement operated by the Company in the 12 months prior to the date of submission of the Application Form or making the BPAY payment,

does not exceed AUD\$15,000 even though you may have received more than one offer under the SPP or received offers in more than one capacity under the SPP.

The AUD\$15,000 limit applies irrespective of the number of Shares you hold on the Record Date. The Company reserves the right, to reject any application for new Shares under the SPP to the extent it considers, or is reasonably satisfied, that the application (whether alone or in conjunction with other applications) does not comply with these requirements;

- (2) you are an Eligible Shareholder and you are not a person to whom it would be illegal to make an offer or issue of SPP Shares or SPP Options under the SPP;
- (3) you have read the terms and conditions set out in this Prospectus in full and agree that your application is made in accordance with the terms and conditions set out in the Prospectus;
- (4) you declare that all statements in your Application Form are true and complete and not misleading;
- (5) you accept that your application is irrevocable and unconditional (i.e. it cannot be withdrawn);
- (6) as at the Record Date, you were recorded on the Company's share register as being a registered holder of Shares and having an address in Australia or New Zealand;
- (7) you authorise the Company (and its offers or agents) to correct any error or omission in your Application Form and to complete the Application Form by the insertion of any missing details;
- (8) you acknowledge that the Company may at any time determine that your Application Form is valid, in accordance with the terms and conditions set out in this Prospectus, even if the Application Form is incomplete, contains errors or is otherwise defective;
- (9) you agree that where you have previously provided the Company or its share registry with bank account details, any refund to be paid to you under these terms and conditions may be direct credited into that nominated account;
- (10) you accept the risk associated with any refund that may be sent to you by direct credit or cheque to your address shown on the Company's register;
- (11) you are responsible for any dishonour fees or other costs the Company may incur in presenting a cheque for payment which is dishonoured;
- (12) you agree to be bound by the constitution of the Company (as amended and as it may be amended from time to time in the future);
- (13) you acknowledge that the Company has not provided you with investment advice or financial product advice, and that it does not have any obligation to

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provide this advice, concerning your decision to apply for and buy SPP Shares or SPP Options under the SPP;

- (14) you acknowledge that the Company is not liable for any exercise of its discretions referred to in this Prospectus; and
- (15) you are not in the United States (including nominees or custodians acting for the account or benefit of a person in the United States) and are not otherwise a person to whom it would be illegal to make an offer or issue SPP Shares or SPP Options under the SPP, other than if you are or are acting for an investor who purchases the SPP Shares and SPP Options in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws;
- (16) you acknowledge that the SPP Shares and SPP Options have not been, and will not be, registered under the US Securities Act or under the laws of any other jurisdiction outside of Australia; and
- (17) you have not and will not send any materials relating to the SPP to any person in the United States or to any person (including nominees or custodians) acting for the account or benefit of a person in the United States unless such person is an investor who purchases the SPP Shares and SPP Options in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

(h) **Custodians, trustees and nominees**

Eligible Shareholders who are Custodians may participate in the Share Purchase Plan on behalf of:

- (1) one or more persons that are not Custodians on whose behalf the Custodian is holding Shares; or
- (2) a person, on whose behalf, another Custodian (**Downstream Custodian**) holds beneficial interests in Shares in the Company and the Custodian holds the Shares to which those beneficial interests relate, on behalf of the Downstream Custodian or another Custodian,

(each a **Participating Beneficiary**).

If you are a Custodian holding Shares on behalf of two or more persons jointly, the joint beneficiaries will be taken to be a single Participating Beneficiary for the purposes of these terms and Conditions.

If you are a Custodian and hold Shares on behalf of one or more Participating Beneficiaries, you may apply for up to a maximum of AUD\$15,000 worth of new Shares for each Participating Beneficiary subject to providing the Company with a Custodian Certificate (included for Custodians with this Prospectus), in addition to the Application Form, certifying the following:

- (1) that, as at the Record Date, either or both of the following:
 - (A) you hold Shares on behalf of one or more Participating Beneficiaries;
 - (B) a Downstream Custodian holds a beneficial interest in Shares on behalf of one or more Participating Beneficiaries, and you hold the Shares on behalf of the Downstream Custodian or another Custodian,

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and each Participating Beneficiary has subsequently instructed the following person to apply for new Shares on their behalf pursuant to the Share Purchase Plan:

- (A) where paragraph (1)(A) applies, you as the Custodian; and
 - (B) where paragraph (1)(B) applies, the Downstream Custodian;
- (2) the number of Participating Beneficiaries;
 - (3) the name and address of each Participating Beneficiary for whom the Custodian applies for new Shares;
 - (4) in respect of each Participating Beneficiary:
 - (A) where paragraph (1)(A) applies, the number of Shares in the Company that you hold on behalf of the Participating Beneficiary; and
 - (B) where paragraph (1)(B) applies, the number of Shares in the Company to which the beneficial interests relate;
 - (5) in respect of each Participating Beneficiary,
 - (A) where paragraph (1)(A) above applies, the number or dollar amount of new Shares the Participating Beneficiary has instructed you to apply for on their behalf; and
 - (B) where paragraph (1)(B) applies, the number or dollar amount of new Shares the Participating Beneficiary has instructed the Downstream Custodian to apply for on their behalf;
 - (6) that there are no Participating Beneficiaries in respect of which the total of the application price for the following exceeds AUD\$15,000:
 - (A) the new Shares applied for by you as Custodian under the Share Purchase Plan in accordance with the Instructions in paragraph 5; and
 - (B) any other Shares in the Company issued to you as Custodian in the 12 months prior to the date of submission of the Application Form as a result of an instruction given by them to you as Custodian or a Downstream Custodian to apply for Shares under an arrangement similar to the Share Purchase Plan operated by the Company;
 - (7) that a copy of the written offer document was given to each Participating Beneficiary; and
 - (8) where paragraph (1)(B) applies, the name and address of each Custodian who holds beneficial interests in Shares held by the Custodian in relation to each Participating Beneficiary.

For the purposes of ASIC Class Order [CO 09/425] you are a 'custodian' if you are a registered holder that:

- (1) holds an Australian financial services licence that covers the provision of a custodial or depository services or covers the operation of an IDPS (as defined by ASIC Class Order CO 13/763);
- (2) is exempt under:

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- (A) paragraph 7.6.01(l)(k) or 7.6.01(1)(na) of the Corporations Regulations 2001; or
 - (B) ASIC Class Order [CO 14/1000] or ASIC Class Order [CO 14/1001];
 - (C) ASIC Class Orders [CO 03/1099], [CO 03/1100], [CO 03/1101], [CO 03/1102], [CO 04/829] or [CO 04/1313] or an individual instrument of relief granted by ASIC to the person in terms similar to one of those class orders; or
 - (D) paragraph 911A(2)(h) of the Corporations Act,

from the requirement to hold an Australian financial services licence for the provision of a custodial or depositary services; or
- (3) is a trustee of a self-managed superannuation fund;
 - (4) is a trustee of superannuation master trusts;
 - (5) is a responsible entity of IDPS-like schemes (as defined by ASIC Class Order (CO 13/763));
 - (6) is noted on the Company's register of members as holding the Shares on account of another person.

If you hold Shares as a trustee or nominee for another person or persons but are not a Custodian as defined in ASIC Class Order [CO 09/425], you cannot participate for beneficiaries in the manner described above. In this case, the rules for multiple single holdings apply.

Custodians should have received a Custodian Certificate with the Prospectus. If you are a Custodian and you did not receive a Custodian Certificate or would like further information on how to apply, you should contact the Share Registry.

The Company reserves the right to reject any application for SPP Shares or SPP Options to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these requirements. The Company reserves the right to reject applications in accordance with the terms and conditions set out in this Prospectus.

(i) **Non-residents**

The right to participate in this offer under the SPP is available exclusively to persons who were registered as holders of Shares at 7.00pm (AEDT) on the Record Date and whose registered address was in Australia or New Zealand. Eligible Shareholders who are not residents of Australia should consult their professional advisers as to whether any formalities need to be observed (either by them or the Company) to enable them to apply for Shares. It is the responsibility of such Eligible Shareholders to obtain all necessary approvals so they may legally apply for Shares.

The return of a completed Application Form and accompanying application amount, or the forwarding of payment of the application amount using BPAY from a non-resident Eligible Shareholder will be taken by the Company to constitute a representation and warranty by that Eligible Shareholder that all relevant approvals have been obtained and that the Company may legally offer the Shares to that Eligible Shareholder.

(j) **Board's discretion**

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The Board reserves the right to reject any application for SPP Shares and SPP Options (in whole or in part) including (without limitation) if:

- (1) an Application Form is not correctly completed;
- (2) the Applicant is not an Eligible Shareholder;
- (3) the issue of those SPP Shares and SPP Options would contravene any law or the Listing Rules;
- (4) the exact payment for the SPP Shares applied for is not received;
- (5) to accept the application in full would have the effect of exceeding the maximum offer of SPP Shares and SPP Options under the SPP;
- (6) it is not reasonably satisfied that the issue of those SPP Shares will not result in any person receiving Shares in the Company with an application price totalling more than \$15,000 as a result of:
 - (A) Shares issued to the person or to a Custodian on that person's behalf (as a result of an instruction given by that person to the Custodian or a Downstream Custodian to apply for Shares on their behalf) under the SPP; and
 - (B) any other Shares in the Company issued to the person or to a Custodian on that person's behalf (as a result of an instruction given by that person to the Custodian or a Downstream Custodian to apply for ordinary shares in the Company on their behalf) under an arrangement similar to the SPP operated by the Company in the 12 months prior to the application,

except to the extent that the person is issued with SPP Shares or interests as a Custodian under a custodian offer;
- (7) the Applicant is a Custodian and has failed to provide the Company with a Custodian Certificate; or
- (8) the Applicant has not otherwise complied with the terms and conditions set out in this Prospectus.

The Board reserves the right to allocate fewer, or no, SPP Shares and SPP Options than an Eligible Shareholder applies for under the SPP, including, without limitation, in the event that the SPP is oversubscribed at its sole discretion.

In respect of application monies received from an Eligible Shareholder, the Company will, prior to the Issue Date, determine the maximum number of SPP Shares and SPP Options rounded down to the nearest whole number which may be acquired by any Eligible Shareholder.

The allocation of SPP Shares and SPP Options will be determined by the Board at its sole discretion.

The Board may change or terminate the SPP at any time prior to the Issue Date. If the Board does so, it will advise the ASX. Any omission to give notice of changes to, or termination of, the SPP, or the non-receipt of any such notice, will not invalidate the change or termination.

In addition to any rights of the Directors to reject applications as set out above and without limiting the above, the Company may issue to any person fewer or no SPP

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Shares or SPP Options than the person applied for under the Share Purchase Plan if the issue of the SPP Shares or SPP Options applied for would contravene any applicable law or the Listing Rules.

(k) **Scale Back**

The Directors reserve the right to allocate fewer, or no, SPP Shares and SPP Options than an Eligible Shareholder applies for under the Share Purchase Plan, including, without limitation, in the event that the Share Purchase Plan is oversubscribed at their sole discretion (**Scale Back**). If there is a Scale Back, you may receive fewer than the parcel of SPP Shares and SPP Options for which you applied. If a Scale Back produces a fractional number of shares when applied to your parcel, the number of SPP Shares and SPP Options you will be issued will be rounded down to the nearest whole number of Shares and Options. In the event of a Scale Back, the difference between the application amount received by the Company and the number of Shares that will be issued to you multiplied by the issue price, will be refunded to you.

If there is a consolidation or re-organisation of the issued share capital of the Company prior to the Closing Date, the maximum number of Shares to be issued pursuant to and in accordance with the Plan shall be consolidated or re-organised (as the case may be) in the same ratio as the issued capital of the Company.

(l) **Shortfall**

If the amount raised under the SPP Share Offer is less than \$7,500,000 (and less than 227,272,727 SPP Shares are applied for and issued), the SPP Shortfall may be placed at the discretion of the Directors.

The Shortfall Share Offer is a separate offer to the SPP Share Offer and will be made pursuant to this Prospectus. Pursuant to the Listing Rules the Shortfall Share Offer may remain open for up to three (3) months after the date of the Meeting (or such shorter period as determined by the Directors).

5.3 **Shortfall Offers – How to Apply**

Investors who wish to apply for Shortfall Shares and Shortfall Options must lodge their Application Form by the Closing Date for the Shortfall Share Offer and Shortfall Option Offer, **5.00pm (AEDT) on 20 January 2017**.

The completed Application Form and cheque or bank draft for the total amount payable to subscribe for the Shortfall Share Offer and the Shortfall Option Offer must be mailed or delivered to the Company at the below address:

Xped Limited
Level 6, 412 Collins Street
Melbourne VIC 3000

Cheques and bank drafts, in **Australian currency**, should be made payable to “Xped Limited” and crossed “not negotiable”.

Application Forms and accompanying cheques or bank drafts may be lodged at any time before the Closing Date. Applications received after the Closing Date may not be accepted. The Company will not be responsible for postal or delivery delays.

Application monies will be held in trust in a subscription account until allotment of the Shortfall Shares and the Shortfall Options. The subscription account will be established and kept by the Company on behalf of the Applicants. Any interest earned on the application monies will be retained by the Company irrespective of whether allotment takes place.

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5.4 **Convertible Securities Offers and Additional Options Offer - How to Apply**

The Convertible Securities Holder must lodge its Application Form for each of the Tranche 1A Offer, Tranche 1B Offer, Tranche 2 Offer and Tranche 3 Offer upon satisfaction of the relevant conditions by the respective Closing Date for each of the Convertible Securities Offers.

The Convertible Securities Holder and Advisors who wish to apply for the Additional Options must lodge their Application Form by the Closing Date for the Additional Option Offer, **5.00pm (AEDT) 20 January 2017**.

Completed Application Forms for Convertible Securities, Shortfall Options and Additional Options together with payment of the applicable amount must be mailed or delivered to the Company at the below address:

Xped Limited
Level 6, 412 Collins Street
Melbourne VIC 3000

5.5 **Opening and Closing Dates**

The Opening Date and Closing Date for the Offers are indicative only and subject to change without notice. The Company may vary these dates, including to close any Offers early, extend the Closing Date for any Offer or to withdraw any Offer at any time prior to issue. If any of the dates are changed, subsequent dates may also change. You are encouraged to lodge your Application Form as soon as possible after the Opening Date.

5.6 **Issue**

Convertible Securities, SPP Shares, SPP Options, Shortfall Shares, Shortfall Options and Additional Options issued pursuant to the Offers will be issued in accordance with the ASX Listing Rules and indicative timetable set out at the commencement of this Prospectus.

Holding statements for Convertible Securities, SPP Shares, SPP Options, Shortfall Shares, Shortfall Options and Additional Options issued under the Offers will be mailed in accordance with the ASX Listing Rules and timetable set out in section 2 of this Prospectus and in any event, as soon as practicable after their issue.

5.7 **Minimum subscription**

There is no minimum subscription under any of the Offers.

5.8 **ASX listing**

Application for Official Quotation of the Shares and Options offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If the ASX does not grant Official Quotation of the Shares or Options offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus (or such period as varied by ASIC), the Company will not issue any Shares or Options.

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

The Convertible Securities will not be the subject of an application for Official Quotation.

5.9 **No underwriting**

The Offers are not underwritten.

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

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

Electronic registers mean that the Company will not be issuing certificates for Shares, Options or Convertible Securities the subject of the Offers to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Convertible Securities, Shares and/or Options allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

5.11 **Enquiries**

If you are an Eligible Shareholder and have any questions in relation to the SPP Share Offer or SPP Option Offer, please contact your stockbroker or professional adviser. If you have questions in relation to how to complete the Application Form, please contact the Company Secretary on +61 (0) 3 9642 0655.

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6. Company information

6.1 Company overview

The Company is an Australian company reinstated to official quotation on the ASX on 5 April 2016.

The Company is an Internet of Things (**IoT**) technology business. Xped is engaged in developing and commercialising innovative technologies. The core technology assets being ADRC and Xped's Infrastructure Platform (**XIP**) an innovative platform for IoT. Xped is an IoT technology building blocks and solution provider to the industry.

The Company owns various patents and patent applications in multiple jurisdictions in relation to its business.

Xped has a 100% owned subsidiary Xped Corporation Pty Ltd, incorporated in Australia as the operating entity, and Xped Global Pte Ltd, a company incorporated in Singapore to serve that region.

Xped has a 100% owned subsidiary JCT Healthcare Pty Ltd and Jackson Care Technologies Pty Ltd (**JCT**) which were acquired on July 4th 2016. JCT is an Australian technology business operating in the Healthcare sector.

Xped retains a 35% holding in Vital Xense Pte Ltd (**VX**). VX is a Singapore technology business operating in the IoT sector. Xped is currently developing a Data Centre monitoring solution in partnership with VX.

Prior to becoming primarily an IoT technology business the Company operated in geothermal exploration, as Raya Group Limited, and held several tenements. The Australian tenements, Limestone Coast Project (South Australia) and Penola Trough Project (South Australia), were fully impaired during the financial year 2012. These remain on care and maintenance and the Company will seek and consider divestment opportunities of these tenements going forward. The Company is presently working with Department of State Development to rehabilitate and restore these tenements in the 2017 calendar year.

In respect of Indonesian tenements, Xped entered a Sale and Purchase Agreement (**SPA**) with KS Orka Pte Ltd (**KO**) to divest the Company's 45% equity interest in the Sokoria Geothermal Project. Subject to KO successfully meeting their objectives it is expected this sale will conclude in the first half of 2017.

6.2 Detailed overview of Xped's business activities

(a) Products

Xped's business revolves around the development and commercialisation of their technologies. These core technologies are:

- (1) Xped Auto Discovery Remote Control (**ADRC**) is an innovative technology that allows a user to connect their electronic devices and appliances by simply tapping each with the user's smartphone running the Xped App. Once the devices are connected, the user can control and monitor these from a single App on their smartphone.
- (2) Xped Infrastructure Platform (**XIP**) is a technology platform providing the software, infrastructure, and features to providing the components for a complete IoT solution. The User Interface, local device discovery, gateway, and online services.

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- (3) Xped Reference Designs. Xped has a number of reference designs for productisation of ADRC enabled devices including UltraPlug, VariPlug, and IRBlaster. These designs can be licensed by OEMs for productisation.
- (4) Xerts is a digital coupon transfer and trigger technology platform providing retailers a way to increase brand loyalty using digital coupons. Xerts provides a web management interface, with highly configurable customisable offers, and full reporting capabilities. Triggers for coupons can be by Date, Time, Geographic Location or any Combination of these. The coupons can be stored within the Xped App or third party Apps.

(b) Partnerships

Xped's has developed a number of key technology partnerships since completing its relisting on 5 April 2016.

- (1) Telink Semiconductor (**Telink**). Xped has a joint marketing and collaboration agreement and Licensing Agreement with Telink. Xped is currently porting ADRC technology onto Telink's IoT chipset.
- (2) Open Connectivity Foundation (**OCF**). Xped is a Platinum Member of the OCF. This membership will increase the Company's profile and awareness within the IoT industry, hopefully leading to adoption and uptake of Xped's technologies.
- (3) Intel (**Intel**). Xped is a General member of Intel® Internet of Things Solutions Alliance. Xped has successfully developed a mini PCI-express card that adds ADRC capability to the Intel® IoT Gateway. Xped is continuing to develop ADRC offering on further Intel® devices. This relationship was in place after the Company lodged its previous prospectus on 18 January 2016.
- (4) Vital Xense (**VX**). Xped has a collaboration agreement with Vital Xense and retains a 35% equity holding in Vital Xense following execution of share purchase agreement. Xped is working with VX to develop a solution for Data Centres and will pursue further commercial opportunities as they arise.
- (5) Complex Semiconductor Co Limited (**Complex**). Xped has a JV agreement with Complex to develop an App to provide Bluetooth control and device registration of a Car Audio device. Further agreements include an option to productise Xped reference designs for Plug and IRBlaster and development of further Applications.
- (6) Microsoft. Xped is a Microsoft Partner and has developed key components of the ADRC platform utilising the Microsoft Azure platform.

(c) The path to commercialisation and revenue:

Xped's innovative technologies are entering commercialisation phase. It is expected Xped's revenue is likely to be derived from several core streams.

- (1) One time License Fees, and ongoing royalties and maintenance contracts resulting from licensing Xped's ADRC technologies into third party products.

These are likely to be formed through agreements with Silicon Vendors, Original Device Manufacturers, Original Equipment Manufacturers, and Service Providers.

- (2) Professional Services and Monthly Contracts. This will include white label development of applications and cloud services based on Xped technologies.

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Revenue is expected to be derived in this method through agreements with OEMs and Service Providers.

- (3) Application Program Interface (**API**) Management and Metering. This is generated by charging a third party for using the API to access data from Xped applications.

Revenue is expected to be derived in this method through agreements with OEMs, Service Providers, and Third Party Services. Revenue from this will require significant large scale uptake of Xped applications and cloud services.

- (4) Subsidiary JCT Healthcare will provide additional revenue generation.

JCT Healthcare has existing Nurse Call product solutions and national distribution of these products through Channel Partner and Reseller agreements. Revenue will be generated through these product sales, and ongoing use of the JCT Healthcare NuCams software.

JCT Healthcare is currently developing a homecare monitoring and automation solution for Disability SA as part of a pilot program. While this project will generate revenue, the technology, and services developed as part of this project will be reusable for further projects and activities.

- (d) Regulatory background

Xped knows of no regulatory issues in any jurisdiction that would prevent the adoption of ADRC. All attempts are made by Xped to ensure that it utilises industry standard products, which have been widely deployed and accepted in the market, where possible.

However, the Company notes that there are on-going policy developments in a number of areas relevant to the take-up of IoT in general. These include in the areas of:

- (1) spectrum management – so as to ensure that there is sufficient spectrum available to ensure the take-up and success of a range of IoT applications. In particular, there is on-going policy work in the EU and the UK;
- (2) interoperability and open systems – so as to ensure that different interconnected devices can communicate between each and with IoT products or systems without any unnecessary restricted access or implementation;
- (3) network resilience and Security – a priority for the UK's Office of Communications (**Ofcom**), the relevant sectoral regulator in the UK;
- (4) security and data privacy – there is on-going policy work in the US and the UK, and a detailed regulatory framework in the EU applying to the collection and processing of personal data from IoT systems, and the undertaking of mandatory security assessments of those systems, as well as security certifications and standards. In addition, the personal data regulatory framework is relevant to device manufacturers and application developers that access IoT data. The potential health applications for IoT mean that the regulation and of the collection and use of personal data may become a focus of on-going regulatory development;
- (5) data sharing - the ability of interconnected devices and platforms to access, collect, share and analyse data is central to IoT and therefore Xped's Technology. Ofcom has opined that the development of a framework allowing

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consumers to quickly authorise the conditions for the collection and sharing of personal data is crucial to the successful development of IoT; and

- (6) numbering/roaming - very large IP addresses may be required for globally accessible “things”. This has prompted policy work to be undertaken particularly in the US.

As laws and regulations develop around each of these areas in jurisdictions in which devices using Xped Technology is located, or in which data necessary for the application of that technology is collected, transferred, accessed, stored or analysed, there may be increasing levels of regulation affecting the Xped business. This regulation may increase the cost of regulatory compliance, but may also serve to bolster confidence in the IoT generally and the Xped Technology in particular.

In Australia there are currently no regulations aimed specifically at IoT, however, IoT - based technologies may be impacted by informational privacy laws. Such laws differ from jurisdiction to jurisdiction.

In Australia, the collection, use, storage and disclosure of “personal information” is principally regulated by the Privacy Act 1988 (Cth) (**Privacy Act**). The Privacy Act does not prohibit IoT-based technologies, but it could in certain circumstances impose additional compliance obligations on businesses who use or commercialise those technologies.

The compliance obligations under the Privacy Act only extend to “personal information”. The term “personal information” is defined in the Privacy Act to mean (in summary) information or an opinion about an identified individual, or an individual who is reasonably identifiable.

If the ADRC IoT Platform Technology collects data which falls within the definition of “personal information”, then the compliance regime under the Privacy Act will apply to the Company in respect of the collection, use, storage and disclosure of that “personal information”.

If the data collected by the ADRC IoT Platform Technology does not (by itself) constitute “information or an opinion about an identified individual” (such a device MAC address, an IP address or event metadata), it is still possible that such data could be aggregated with other datasets which, together, could be considered personal information.

The Company will take steps to ensure compliance with any applicable requirements of the Privacy Act.

- (e) Corporate objectives

The broad objectives of Xped are:

- (1) Commercialisation of Xped technologies
- (2) Revenue generation
- (3) Innovation and product development
- (4) Become leading IoT solutions provider
- (5) Extend IP portfolio

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(f) Achieving these objectives

Xped believes it is well placed to achieve these objectives by implementing the following:

- (1) Collaborative marketing and sales through partners.
- (2) Agreements with Silicon Vendors, ODMs, OEMs, System Integrators, Service Providers, Retailers, and Developers.
- (3) Expand product offerings in key vertical markets of Health, Building Management and Home.
- (4) Investment in the development of existing and new technologies.
- (5) Acquisition of synergistic businesses that add value through providing channel access, market expertise, and value added technology.

(g) Market

The potential impact of the IoT market across all business segments by 2025 is predicted to be \$3.9-11.1 Trillion per year. A breakdown by business sector is estimated as follows:

Settings	Major applications	Size in 2025
Home	Chore automation and security	\$200B-350B
Human	Health and Fitness	\$170B-\$1.6T
Factories	Operations and equipment optimisation	\$1.2-3.7T
Retail environments	Automated checkout	\$410B-1.2T
Offices	Security and energy	\$70B-150B
Outside	Logistics and navigation	\$560B-850B
Cities	Public health and transportation	\$930B-1.7T
Worksite	Operations optimisation/ health and safety	\$160B-930B
Vehicles	Autonomous vehicles and condition-based maintenance	\$210B-740B

Source: McKinsey & Company (2015) “The internet of Things: Mapping the Value beyond the Hype”, McKinsey Global Institute June 2015.” Retrieved from the McKinsey & Company website
 <https://www.mckinsey.de/files/unlocking_the_potential_of_the_internet_of_things_full_report.pdf>

Xped is primarily focussed in Healthcare, Building Management, and Home, however, will continue to adapt this strategy based on commercial opportunities.

(h) Competition

There are many companies operating in the IoT technology space. Xped technologies provide the components for a complete IoT technology solution.

There are technologies within the evolving IoT space including HomeKit (Apple), ZigBee and Z-Wave that are closed proprietary systems and will not interoperate with each other. In contrast, Xped’s infrastructure platform (**XIP**) is built with an open technology philosophy and thus provides the capability to integrate with other protocols such as Bluetooth, WiFi, and others in the future. Xped’s platinum

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membership of OCF provides Xped with access to the IoTivity framework, which will further enhance the interoperability of the Xped IoT architecture.

(i) General

The Directors are satisfied that on completion of the Offers the Company will have sufficient working capital to carry out its stated objectives over the next 2 years as set out in this Prospectus.

6.3 The Directors

The Directors bring to the Board relevant expertise and skills, including industry and business knowledge, financial management and corporate governance experience.

Each Director has confirmed that he anticipates being available to perform his duties as a Non-Executive Director or Executive Director, as the case may be, without undue constraints from other commitments.

Only Dr Wenjun Sheng is considered by the Board to be able to fulfil the role of Independent Directors for the purposes of the ASX Corporate Governance Principles and Recommendations (Third Edition). Each of Martin Despain, Athan Lekkas, Chris Wood and John Schultz are not considered independent as they are executive Directors.

The following persons are directors of the Company as at the date of this Prospectus:

<p>Martin Despain, Managing Director BA (University of Nevada), MBA (Georgia Institute of Technology)</p>	<p>Mr Despain was appointed as Managing Director with effect from 19 September 2016.</p> <p>Martin was recently General Manager, Smart Homes Division, Internet of Things Group at Intel Corporation head office developing and implementing Intel's IoT strategy and product offering for the home. Intel's charter was to transition the industry from the connected home, into the smart home era, by delivering a foundation infrastructure focused on Security, Compute, Connectivity, and Contextual awareness.</p> <p>Based in Santa Clara, Martin oversaw the Smart Home business with responsibility for Engineering, Product Marketing, Operations, Business Development, and Go-to-Market.</p> <p>Martin's area of expertise includes product management, semiconductors and SoC's, embedded systems, start-ups, international sales and marketing, strategic partnerships and planning and visionary for the organisation.</p> <p>Prior to his most recent position with Intel, Marty has held various Director Roles within Intel Corporation over the last 11 years, including establishing the product management team and leading the Content and Strategy organization within Intel Media; Martin has also lead several different teams within Intel's Digital Home Group that developed product offerings for telco/cable and consumer electronics companies such as Sony, Visio and Samsung as well as partnerships with Yahoo, Google, and Microsoft.</p> <p>Martin Despain brings to the board high level experience in leading and growing start-ups in the technology sector and with his experience and connections in the industry will be able to provide an opportunity for Xped to grow and realise potential and value for shareholders.</p>
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<p>Athan Lekkas, Chief Executive Director / Chair Dip Business and Management</p>	<p>Mr Lekkas was appointed as a director on 19 February 2013 and was re-elected as a Director most recently on 30 November 2016. Mr Lekkas was appointed as Chief Operating Officer on 5 April 2016. On 29 June 2016 Mr Lekkas was appointed as Chief Executive Officer and Chair of the Board.</p> <p>Mr Lekkas has participated in a broad range of business and corporate advisory transactions, specialising in the restructure and recapitalisation of various companies through his institutional funding contacts in Asia and North America.</p> <p>Mr Lekkas has completed successful turnaround projects in manufacturing, logistics and implemented successful operational changes restoring companies into profitability. He was instrumental in the structuring and funding of the Xped transaction.</p> <p>Since his time with Xped, Mr Lekkas has been instrumental in securing international talented professionals to serve on the Board of Xped including Dr Wenjun Sheng and Mr Martin Despain. Mr Lekkas has extensive international networks and professional relationships across various industries and is proficient and versed in growing public companies in the small capital markets. Outside of leading and running organisations, Mr Lekkas has demonstrated the ability to secure funding and capital commitments from international and local funding institutions as and when required.</p> <p>Mr Lekkas identified and secured the Telink opportunity for Xped and established the close working relationship between the parties and wishes to see this grow further as the Company continues its development work with Telink. His skillset in mergers and acquisitions was recently shown when he identified the JCT Healthcare opportunity and managed the deal with the JCT vendor for a favourable outcome for all parties whilst seeking to add value to Xped shareholders by securing recurring revenue.</p> <p>Mr Lekkas is also a Director of ASX listed investment company First Growth Funds Limited.</p>
<p>John Schultz, Executive Director B Engineering. University of South Australia</p>	<p>Mr Schultz was appointed on 5 April 2016 by the Directors upon completion of the acquisition of Xped Holdings Limited and was re-elected as a Director on 30 November 2016. Mr Schultz is the co-founder of the Xped technology and business. Mr Schultz is the Head of Engineering of Xped Limited.</p> <p>Mr Schultz (B Eng. Uni of SA) is a serial entrepreneur founding and successfully growing several companies over the last two decades specialising in the design, manufacture and business development of electronics systems.</p> <p>Mr Schultz has a wealth of experience running design and manufacturing businesses, managing staff and subcontractors and secured significant international business exporting vehicle immobilisers to Malaysia for aftermarket distribution and direct fit to Honda.</p> <p>This contract saw a peak of 30 employees locally employed and managed at Technology Park. Mr Schultz's involvement was system specification, design, product design and manufacture, resource management and developing initial commercialisation opportunities.</p>

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<p>Christopher Wood, Executive Director B of Electrical and Computer Systems Engineering Hons, Monash University, Victoria Australia</p>	<p>Mr Wood was appointed on 5 April 2016 by the Directors upon completion of the acquisition of Xped Holdings Limited and was re-elected as a Director on 30 November 2016. Mr Wood is the co-founder of the Xped technology and business. Mr Wood is the Chief Technology Officer of Xped Limited.</p> <p>Mr Wood has extensive experience in large telecommunications companies developing mission critical software applications.</p> <p>Mr Wood has architected projects worth up to \$200 million and supported by a pool of 200 IT staff. Mr Wood is a domain expert in the areas of GPS, inertial sensors and communications. Mr Wood also possesses substantial technology development commercialisation experience.</p> <p>In 2003 Mr Wood founded Neve Technologies Pty Ltd, a company which developed and commercialised an augmented GPS system for positioning vehicles in areas where GPS signals are severely degraded. In the commercialisation process Mr Wood established a joint venture with the University of South Australia. Neve secured COMET funding, raised capital and successfully commercialised its technology internationally.</p>
<p>Wenjun Sheng, Non-Executive Director BS Electronics Engineering, ME and PhD Electrical Engineering</p>	<p>Dr Sheng was appointed on 21 April 2016 by the Directors and was re-elected as a Director on 30 November 2016.</p> <p>Dr Sheng has over 15 years of semiconductor industry experience, he has shown an ability to grow businesses from inception, to first revenue and profitability in an effective and accelerated manner. Prior to co-founding Telink Semiconductor in 2010, he was VP of RFIC design at Wiscomm Microsystem Inc., a start-up company focusing on CMOS satellite TV tuner chip product.</p> <p>Dr Sheng has held key technical positions with industry leaders like Qualcomm and Silicon Labs etc., and was one of the pioneers in CMOS RFIC design. Dr Sheng holds 30 patents in RF and mixed-signal IC design, and is a member of China's top recruitment program of global experts "Thousand Talents Program". Dr Sheng holds a BS in electronics engineering from Tsinghua University and an ME and Ph.D. in electrical engineering from Texas A&M.</p>

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7. Effect of the Offers

7.1 Effect of the Offers

The principal effect of the Convertible Securities Offers will be to provide the Convertible Securities Holder with the ability to convert the Convertible Securities into Shares in accordance with the formula set out in section 8.3.

The principal effect of the SPP Share Offer and Shortfall Share Offer, assuming all of the SPP Shares and/or Shortfall Shares offered under the Prospectus are issued, will be the issuance of up to 227,272,727 new Shares.

In addition, assuming all of the SPP Options, Shortfall Options and Additional Options offered under the Prospectus are issued, there will be a new class of listed securities (subject to meeting the ASX requirements), being up to 337,272,727 new Options.

7.2 Effect on Balance Sheet

The Convertible Securities, SPP Shares and Shortfall Shares issued pursuant to this Prospectus will be issued for up to \$16,500,000. If all of these securities are issued, this will increase the Company's balance sheet by \$6,948,977, after deducting the costs of the Offers which is estimated to be approximately \$1,189,750 as set out in section 10.16.

The Options to be issued pursuant to this Prospectus will be issued for nil consideration. Accordingly, there will be no immediate effect on the Company's balance sheet. Capital will be raised if the Options are exercised, being an amount of \$0.05 per Option exercised. This will affect the Company's balance sheet, however the Company is not able to specify with any certainty the extent of that change given the uncertainty around whether the Options will be exercised (which is dependent on the market price of Shares from time to time until the Options expire).

The Company's Annual Report for the financial year ended 30 June 2016 was released to the ASX on 29 September 2016. The Annual Report can be viewed at www.xped.com and at www.asx.com.au.

The Company's latest Quarterly Cash Flow Report and Quarterly Activities Report were released to the ASX on 28 October 2016. These reports can be reviewed at www.xped.com and at www.asx.com.au.

Additional information, including copies of the ASX releases and investor presentations, is also available on the Company's website.

This section sets out the historical and pro-forma financial information of the Company. The basis for the preparation and presentation of this information is also set out below.

The financial information has been prepared by management and adopted by the Board. The Board is responsible for the inclusion of all financial information in the Prospectus.

The historical and pro-forma financial information has been prepared in accordance with the measurement and recognition criteria of Australian Accounting Standards. The historical and pro-forma financial information comprises financial information of the Company. The historical and pro-forma financial information is presented in an abbreviated form insofar as it does not include all the disclosure and notes required in an annual financial report prepared in accordance with Australian Accounting Standards and the Corporations Act.

The information in section 7.2 has been provided for investors to gain an indication of the effect of the Offers (which includes the issue of the Convertible Securities, the issue of SPP Shares and SPP Options under the SPP and the issue of the Additional Options) on the

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Company. It does not necessarily illustrate the future financial performance of the Company because past performance is not a guide to future performance.

(a) **Historical Financial Information**

The historical financial information for the Company set out below comprises:

- (1) the audited Statement of Financial Position as at 30 June 2016; and
- (2) selected notes to the audited Statement of Financial Position.

The historical financial information has been extracted from the audited Company's Financial Statements for the financial year ended 30 June 2016.

(b) **Pro-forma Financial Information**

The pro-forma financial information for the Company set out below under Pro-forma A comprises:

- (1) the unaudited Pro-Forma Statement of Financial Position as at 30 June 2016 based on completion of the Offers; and
- (2) selected notes to the unaudited Pro-Forma Statement of Financial Position.

The unaudited Pro-Forma Statement of Financial Position has been derived from the audited Statement of Financial Position as at 30 June 2016 adjusted for the following transactions as if they had occurred at 30 June 2016 (pro-forma transactions):

- (1) the issue of Convertible Securities with a face value of \$10,000,000 and a purchase price of \$9,000,000 pursuant to this Prospectus, which assumes the maximum number of Convertible Securities are issued;
- (2) the issue of 227,272,727 Shares being issued pursuant to the SPP at an issue price of \$0.033 per Share to raise \$7,500,000 before expenses. All Shares issued pursuant to this Prospectus will be issued as fully paid. This assumes the maximum number of Shares are issued under the SPP;
- (3) the issue of the following Options:
 - (A) 227,272,727 SPP Options (assuming the SPP is fully subscribed); and
 - (B) 110,000,000 Additional Options;
- (4) the payment of the costs associated with the Offer as disclosed in section 4.5 remain unpaid; and
- (5) GST payable associated with the Offer (assuming the maximum subscription is issued) is approximately \$118,975.

The unaudited Pro-Forma Statement of Financial Position has been derived from the Statement of Financial Position as at 30 June 2016 adjusted for the following transactions as if they had occurred at 30 June 2016 (pro-forma transactions):

- (1) items 7.2(b)(1) – 7.2(b)(5) above have occurred.

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Historical and Pro-forma Consolidated Statements of Financial Position

		Historical Reviewed Balance Sheet	Pro-forma A Adjustments (includes proceeds from Convertible Securities and SPP)	Pro-forma A Balance Sheet (includes proceeds from Convertible Securities and SPP)
		30-Jun-16		30-Jun-16
		\$		\$
ASSETS				
Current assets				
Cash and cash equivalents	8.1	8,846,362	15,191,275	24,037,637
Trade and other receivables		750,000	118,975	868,975
Deposits for trading investments		102,745		102,745
Trading Investments		180,409		180,409
Total current assets		9,879,516	15,310,250	25,189,766
Non-current assets		1,966,708	-	1,966,708
TOTAL ASSETS		11,846,224	15,310,250	27,156,474
LIABILITIES				
Current liabilities				
Trade and other payables		653,300	-	653,300
Borrowings		421,495	-	421,495
Provisions		300,630	-	300,630
Total current liabilities		1,375,425	-	1,375,425
Borrowings		295,465	4,753,290	5,048,755
Provisions		14,996	-	14,996
Financial liabilities		-	3,607,983	3,607,983
Total non-current liabilities		310,461	8,361,273	8,671,734
TOTAL LIABILITIES		1,685,886	8,361,273	10,047,159
NET ASSETS		10,160,338	6,948,977	17,109,315

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EQUITY

Issued capital	8.2	13,395,086	6,948,977	20,344,063
Reserves		2,094,730	-	2,094,730
Accumulated losses		(5,329,478)	-	(5,329,478)
TOTAL EQUITY		10,160,338	6,948,977	17,109,315

Note 1 - Cash and Cash Equivalents

	Pro-forma A Adjustments
	\$
Cash and cash equivalents at 30 June 2016	8,846,362
Proceeds from issue of Shares under the SPP	7,500,000
Proceeds from issue of Convertible Securities (Tranche 1A Offer)	1,800,000
Proceeds from issue of Convertible Securities (Tranche 1B Offer)	1,200,000
Proceeds from issue of Convertible Securities (Tranche 2 Offer)	3,000,000
Proceeds from issue of Convertible Securities (Tranche 3 Offer)	3,000,000
Payment of Capital Raising fees	(1,189,750)
GST	(118,975)
Pro-forma cash and cash equivalents	24,037,637

Note 2 Issued Share Capital (excluding exercise of Options) – Pro-forma

	No of Shares	\$
<i>Assumes Maximum Subscription</i>		
Shares issued as at 30 June 2016	1,885,488,159	13,395,086
Shares issued under SPP	227,272,272	7,500,000
Capital Raising fees	-	(551,023)

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Pro-forma issued capital

2,112,760,430

20,344,063

7.3 Effect on capital structure

The effect of the Offers on the capital structure of the Company, assuming all Options offered under the Prospectus are issued and the SPP and Convertible Securities Offers are fully subscribed, is set out below:

Shares

	Number	% interest in share capital
Shares currently on issue (as at the date of the Prospectus)	2,084,716,668	90.17%
Shares offered pursuant to the SPP and Shortfall Share Offers ¹	227,272,727	9.83%
Total Shares on issue after completion of the above²	2,311,989,395	100%

1 This assumes that the maximum number of SPP Shares are issued.

2 This assumes that none of the options currently outstanding are exercised.

Options

	Number	% interest in Options
Options currently on issue	60,000,000	15.10%
Expected number of SPP Options and Shortfall Options to be issued ¹	227,272,727	57.21%
Expected number of Additional Options to be issued ²	110,000,000	27.69%
Total Options on issue after completion of the above³	397,272,727	100%

1 The number of SPP Options and Shortfall Options to be issued depends on the total number of Shares issued pursuant to the SPP and the SPP Shortfall. This assumes that fractional entitlements to Options are rounded down and that the maximum number of SPP Options is issued.

2 This assumes that fractional entitlements to options are rounded down.

3 This assumes that none of the options currently outstanding are exercised.

The capital structure on a fully diluted basis:

- (a) as at the date of this Prospectus is 2,084,716,668 Shares; and
- (b) on completion of the Offers assuming the SPP Shares are fully subscribed for and all Options the subject of the Offers are exercised would be 2,709,262,122 Shares.

In addition:

- (a) The Convertible Securities to be issued pursuant to the Convertible Securities Offers will be able to be converted into Shares of the Company using the respective conversion formulas (refer to section 8.3 for further details). By way of example only, if

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the maximum level of Convertible Securities were issued by the Company (having a face value of \$10,000,000) and all of the Convertible Securities were converted on or immediately prior to their respective maturity date, it would have the following effect on the issued and outstanding capital of the Company:

Example Conversion Price	Number of Shares upon Conversion	% of Current Issued Capital (2,084,716,668)	% of Issued Share Capital on Completion of fully subscribed SPP (2,311,989,395)
\$0.016	625,000,000	29.98%	27.03%
\$0.033	303,030,303	14.54%	13.11%
\$0.050	200,000,000	9.59%	8.65%

The above is provided by way of example only. The actual number of Shares which may be issued on Conversion of the Convertible Securities is dependent upon the face value of the Convertible Securities together with the conversion price as detailed in section 8.3.

- (b) 150,000,000 Management Performance Shares were issued on 23 March 2016. The Management Performance Shares do not have any voting, dividend or distribution rights, however, would convert to Shares upon certain performance criteria being satisfied. On 30 November 2016 at the Company's annual general meeting the shareholders approved the cancellation of these Management Performance Shares. The Company anticipates the cancellation will be effected on or about 28 December 2016.

7.4 Existing Options

The Company currently has on issue 60,000,000 options to subscribe for Shares. The holders of the existing options are not entitled to participate in the Share Purchase Plan unless they were an Eligible Shareholder on the Record Date.

As such, holders of existing options need not take any steps in respect of the Offers in their capacity as holders of the existing options. There will be no adjustment to the terms of the existing options as a result of the Offers.

7.5 Effect on control

The issue of the SPP Shares are not anticipated to have an effect on the control of the Company given that each Eligible Shareholder is limited to applying for a maximum of \$15,000 worth of SPP Shares.

The issue of the Convertible Securities does not have an immediate effect on the control of the Company unless and until they are converted to Shares. The number of Shares that may be issued if all of the Convertible Securities are issued to the Convertible Securities Holder and subsequently converted into Shares of the Company, will be determined in accordance with the formula as set out in section 8.3. The Convertible Securities Holder does not presently hold any Shares in the Company. Under the terms of the Convertible Securities Agreement, the Convertible Securities Holder must not be issued Shares that would result in the Convertible Securities Holder acquiring a relevant interest in voting Shares of more than 19.99%.

The issue of the Options themselves will have no effect on the control of the Company unless and until they are converted to Shares.

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The substantial Shareholders are listed below in section 7.6. If these Shareholders are eligible to receive the Options and subsequently choose to exercise the Options issued to them, it may affect their overall percentage shareholding. The final percentage interests held by Shareholders of the Company is entirely dependent on the extent to which they participate in the Offers and subsequently exercise the Options.

7.6 Details of substantial holders

At the date of this Prospectus, the Company is of the view that there is no single entity that controls the Company.

Details of persons holding a relevant interest in more than 5% of the Company's Shares as at 14 December 2016 are as follows:

Shareholder	Relevant Interest in Shares	% issued capital	Number of options held	Relevant Interest in Shares if all options held are exercised
JK GROUP AUSTRALIA PTY LTD <JK FAMILY A/C>	280,576,640	13.46%	Nil	13.46%
ALANTICX TECHNOLOGIES PTY LTD <ALANTICX A/C>	225,465,400	10.82%	Nil	10.82%

The top 20 Shareholders of the Company as at 14 December 2016 are as follows:

Shareholder	Shares	% issued capital
JK GROUP AUSTRALIA PTY LTD <JK FAMILY A/C>	280,576,640	13.46%
ALANTICX TECHNOLOGIES PTY LTD <ALANTICX A/C>	225,465,400	10.82%
DALEXT PTY LTD <DALEXT UNIT A/C>	55,700,000	2.67%
MR JUSTIN LAURENCE BARRY	34,533,786	1.66%
SPARKE ENTERPRISES PTY LTD <SPARKE ENTERPRISES FAM A/C>	29,050,000	1.39%
BALDMONK PTY LTD	23,956,448	1.15%
CITICORP NOMINEES PTY LIMITED	22,954,292	1.10%
PHILLIP CARRIG	20,297,872	0.97%
MR IVAN IVANOV	15,278,595	0.73%
MR MICHAEL PAUL PARTINGTON	14,789,443	0.71%
MR CHARLES CASELLA	12,230,000	0.59%
MEDEK INVESTMENTS PTY LTD <MEDEK SUPER FUND A/C>	11,575,750	0.56%

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Shareholder	Shares	% issued capital
MISS LAN DAI	10,200,000	0.49%
JAY-V INC	10,000,000	0.48%
SYNERGY PRACTICE COMPANY PTY LTD <SYNERGY S/F A/C>	8,928,344	0.43%
J P MORGAN NOMINEES AUSTRALIA LIMITED	8,926,540	0.43%
SPARKE FAMILY SUPER PTY LTD <CLARKE SUPER FUND A/C>	7,946,703	0.38%
MR TROY BOWEN	7,764,916	0.37%
HEL RAY SUPERANNUATION PTY LTD <HEL RAY SUPER FUND A/C>	7,737,250	0.37%
MR GARRY SHANE COLLINS & MRS JANICE ANN COLLINS <COLLINS SUPER FUND A/C>	7,633,550	0.37%
TOTAL	815,545,529	39.12%

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8. Rights and liabilities attaching to securities

8.1 Rights attaching to Shares

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

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

(a) General meetings

Each Shareholder is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be furnished to Shareholders under the Company's Constitution, the Corporations Act and any other laws.

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

(b) Voting rights

Subject to any special rights or restrictions (at present there are none), at any Shareholder meeting, each Shareholder present in person or by proxy has one vote on a show of hands. On a poll, a holder of fully paid Shares has one vote for each share held and the holder of a partly paid share has a voting entitlement to the proportion which the amount paid is of the total amounts paid and payable.

(c) Dividend rights

Subject to any special rights (at present there are none), all dividends that may be declared by the Company are payable on all fully-paid Shares and partly paid Shares in proportion to the amount paid (not credited).

(d) Winding-up

If the Company is wound up, the liquidator may, with the sanction of a special resolution:

- divide among the Shareholders the whole or any part of the Company's property; and
- decide how the division is to be carried out between the Shareholders (or different classes of shareholders),

but may not require a Shareholder to accept any Shares or other securities in respect of which there is any liability.

The liquidator may, with the sanction of a special resolution of the Company, vest all or any of the Company's assets in a trustee on trusts determined by the liquidator for the benefit of the contributories.

(e) Shareholder liability

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

(f) Transfer of Shares

Subject to the Constitution, the Corporations Act and other relevant laws, the Shares may be transferred by market transfer in accordance with a computerised or electronic system established or recognised under the Listing Rules or the Corporations Act, and by instrument in writing.

The Directors may decline to register a transfer of Shares where:

- the Listing Rules permit the Company to do so;
- the Listing Rules require the Company to do so; or
- the transfer is in breach of the Listing Rules or any escrow agreement relating to “restricted securities” (defined under the Listing Rules) entered into by the Company under the Listing Rules.

(g) Future increase in capital

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to the Corporations Act, the Listing Rules and the Company’s Constitution, the Directors may issue shares on such terms and conditions as they determine.

(h) Variation of rights

The rights attaching to the Shares may only be varied by the consent in writing of the holders of three-quarters of the Shares, or with the sanction of a special resolution passed at a general meeting.

(i) Alteration of constitution

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

(j) ASX Listing Rules

As the Company is already admitted to the Official List of the ASX, the following clauses apply despite the provisions of the Company’s Constitution:

- notwithstanding anything contained in the Company’s Constitution, if the Listing Rules prohibit an act being done, the act shall not be done;
- nothing contained in the Company’s Constitution prevents an act being done that the Listing Rules require to be done;
- if the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be);
- if the Listing Rules require the Company’s Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision;

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- if the Listing Rules require the Company's Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision; and
- if any provision of the Company's constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of that inconsistency.

8.2 Option terms and conditions

- (a) The Options shall be issued on the following basis:
 - (1) **SPP Options** – to Eligible Shareholders who were issued SPP Shares pursuant to the SPP, on the basis of one SPP Option for every one SPP Share issued pursuant to the SPP;
 - (2) **Shortfall Options** – to investors who were issued Shortfall Shares, on the basis of one Shortfall Option for every one Shortfall Share issued;
 - (3) **Additional Options** – to the Convertible Securities Holder and selected professional advisors of the Company.
- (b) The Options shall be issued for no cash consideration;
- (c) The exercise price of each Option is \$0.05 (**Exercise Price**);
- (d) The Options will expire on 31 December 2018 (**Expiry Date**) unless earlier exercised;
- (e) The Options are transferrable;
- (f) The Options may be exercised at any time wholly or in part by delivering a duly completed form of notice of exercise together with payment for the Exercise Price per Option to the Company at any time on or after the date of issue of the Options and on or before the Expiry Date. Payment may be made as directed by the Company from time to time, which may include by cheque, electronic funds transfer or other methods;
- (g) The number of Options that may be exercised at one time must be not less than 1,000, unless the Option holder holds less than 1,000 options in which case all options must be exercised at one time;
- (h) Upon the valid exercise of the Options and payment of the Exercise Price, the Company will issue fully paid ordinary shares ranking pari passu with the then issued ordinary shares within 10 business days of valid exercise and payment;
- (i) Option holders do not have any right to participate in new issues of securities in the Company made to shareholders generally. The Company will, where required pursuant to the ASX Listing Rules, provide Option holders with notice prior to the books record date (to determine entitlements to any new issue of securities made to shareholders generally) to exercise the Options, in accordance with the requirements of the Listing Rules.
- (j) Option holders do not participate in any dividends unless the Options are exercised and the resultant shares of the Company are issued prior to the record date to determine entitlements to the dividend;
- (k) In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company:

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- (1) the number of Options, the Exercise Price of the Options, or both will be reorganised (as appropriate) in a manner consistent with the ASX Listing Rules as applicable at the time of reorganisation, but with the intention that such reorganisation will not result in any benefits being conferred on the holders of the Options which are not conferred on shareholders; and
 - (2) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of shareholders approving a reorganisation of capital, in all other respects the terms for the exercise of the Options will remain unchanged;
- (l) If there is a pro rata issue (except a bonus issue), the Exercise Price of an Option may be reduced according to the following formula:

$$O^n = O - \frac{E [P - (S + D)]}{N + 1}$$

Where:

- O^n = the new exercise price of the Option;
 - O = the old exercise price of the Option;
 - E = the number of underlying securities into which one Option is exercisable;
 - P = the volume weighted average market price per security of the underlying securities during the 5 trading days ending on the day before the ex right date or the ex entitlements date;
 - S = the subscription price for a security under the pro rata issue;
 - D = dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue); and
 - N = the number of securities with rights or entitlements that must be held to receive a right to one new security.
- (m) If there is a bonus issue to the holders of shares in the Company, the number of shares over which the Option is exercisable may be increased by the number of shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue;
- (n) The terms of the Options shall only be changed if holders (whose votes are not to be disregarded) of ordinary shares in the Company approve of such a change. However, unless all necessary waivers of the ASX Listing Rules are obtained, the terms of the Options shall not be changed to reduce the Exercise Price, increase the number of Options or change any period for exercise of the Options;
- (o) The Company shall apply for listing of the Options on the ASX; and
- (p) The Company shall apply for listing on the ASX of the resultant shares of the Company issued upon exercise of any Option.

8.3 Convertible Securities terms and conditions

The following is a summary of the terms of the Convertible Securities. Full details of the Convertible Securities are provided for in the Convertible Securities Agreement.

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(a) Face Value

The Convertible Securities will have a face value of up to \$10million in the following tranches:

- (1) Tranche 1A Offer, AU\$2,000,000;
- (2) Tranche 1B Offer, AU\$1,333,333;
- (3) Tranche 2 Offer AU\$1,000,000 or by mutual consent of the Convertible Securities Holder and the Company up to AU\$3,333,333;
- (4) Tranche 3 Offer AU\$1,000,000 or by mutual consent of the Convertible Securities Holder and the Company up to AU\$3,333,333,

provided that any such amount must not exceed the dollar value equal to 4% of the market capitalisation of the Company (based on the prior day's VWAP to the closing).

(b) Purchase Price

The purchase price of each Convertible Securities is equal to 90% of the face value (representing up to \$9million in total for all Convertible Securities).

(c) Conditions

The drawdown of each tranche of Convertible Securities is subject to usual draw down conditions including all necessary Board resolutions being provided, issue of a flow of funds request, all representations and warranties of the Company being true and correct in all material respects, no event of default or potential event of default having occurred and continuing, the Company having obtained all approvals necessary for each applicable tranche, all prior conversion Shares issuable by the Company having been issued, all prior required Appendix 3Bs in respect of the Convertible Securities Agreement having been issued, .

The following additional conditions precedent must also be met:

- (1) The Convertible Securities the subject of the Tranche 1A Offer, lodgement of this Prospectus and the Convertible Securities Holder having applied for such securities under the Prospectus;
- (2) The Convertible Securities the subject of the Tranche 1B Offer, lodgement of this Prospectus and the Convertible Securities Holder having applied for the Convertible Securities under this Prospectus and Shareholder approval to the issue of the Convertible Securities and other related securities being obtained;
- (3) The Convertible Securities the subject of the Tranche 2 Offer, in addition to the conditions in (2) above, the Company having elected to draw down under the Tranche 2 Closing; and
- (4) The Convertible Securities the subject of the Tranche 3 Offer, in addition to the conditions in (2) above, the Company having elected to draw down under the Tranche 3 Closing.

(d) Issue Date

The issue date for each of the Convertible Securities is as follows:

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- (1) in respect of the Tranche 1A Offer, within 3 Business Days of satisfaction of all conditions;
- (2) in respect of the Tranche 1B Offer, within 3 Business Days of satisfaction of all conditions but no fewer than 15 Business Days after the issue date in respect of the Tranche 1A Offer;
- (3) in respect of the Tranche 2 Offer, thirty (30) Business Days after the immediately previous closing or such earlier or later date as may be agreed; and
- (4) in respect of the Tranche 3 Offer, the earlier of thirty (30) Business Days after the immediately previous Closing or 85 calendar days following the date of the Meeting.

(e) Interest Rate and Payment

Interest is payable at a rate of 8.35% per annum payable quarterly.

(f) Maturity Date

Each Convertible Security matures 36 months after the date of issue (**Maturity Date**).

(g) Conversion Right of Holder

The Convertible Securities may be converted into Shares in accordance with the conversion formula in whole or part at the election of the Convertible Securities Holder at any time from date of issue of the Convertible Securities until the Maturity Date.

The Conversion Shares must be issued within one Business Days of receipt of a conversion notice subject to compliance with all applicable laws and the Listing Rules.

On issue, each conversion Share will rank equally with the then existing Shares of the Company.

There are a number of standard conditions that must be met prior to the conversion of a Convertible Security.

(h) Conversion Price

The conversion price in respect of each Convertible Security is, at the election of the Convertible Securities Holder in its sole discretion, either (**Conversion Price**):

- (1) 120% of the average of the two (2) lowest daily VWAPs per Share during the five (5) consecutive Trading Days immediately prior to the relevant conversion notice date, rounded down to the nearest 1/10th of a cent (**Conversion Price A**); or
- (2) for a maximum of up to 50% of the Face Value of Convertible Securities issued in respect of the Tranche 1A Offer and the Tranche 1B Offer, \$0.05 (**Conversion Price B**); or
- (3) for a maximum of up to 50% of the Face Value of Convertible Securities issued in respect of the Tranche 2 Offer or the Tranche 3 Offer, 140% of the average of the two (2) lowest daily VWAPs per Share for the five (5) consecutive Trading Days immediately prior to the relevant closing date, rounded down to the nearest 1/10th of a cent (**Conversion Price C**),

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subject to usual adjustments and that prior to the Shareholder approval being obtained at the Meeting, the conversion price in respect of the Convertible Securities the subject of the Tranche 1A Offer will be no less than \$0.008. If Shareholder approval hasn't been obtained prior to conversion of the Convertible Securities the subject of the Tranche 1A Offer and the applicable conversion price would have been less than \$0.008 but for this restriction, the Company will pay the Convertible Securities Holder the difference in cash.

(i) Conversion Formula

The number of conversion Shares to be issued on a conversion is determined in accordance with the following formula:

$$N = CA/IP$$

Where:

N is the number of conversion Shares to be issued.

CA is the conversion amount subject to adjustment as noted below.

IP is the Conversion Price.

In the event that the Convertible Securities Holder elects to undertake a conversion and the Conversion Price A has been elected, the conversion amount shall be adjusted to include the aggregate amount of the interest that would have been payable on the conversion amount of the Convertible Security through to the Maturity Date, if the conversion amount had not been converted, and the Company had made all payments of interest as they fell due. By way of example, if there are 24 months remaining to maturity, the conversion amount will increase by 16.7% of outstanding Face Value of the relevant Convertible Securities.

(j) Redemption of Note

The Company must redeem the Convertible Securities and pay all moneys owing under the Convertible Securities within 2 Business Days of the Maturity Date, unless it elects by providing written notice to the Convertible Securities Holder to convert some or all of the outstanding Convertible Securities which it may only do if the VWAP on the day prior to the Maturity Date is at least \$0.05, such Shares to be issued within one Business Day of the Maturity Date. It should be noted that it is the Face Value (and not the purchase price) that is repayable to the Convertible Securities Holder.

The Company may also redeem the Convertible Securities within 90 days of issue by payment of 110% of the Face Value then outstanding on written notice to the Convertible Securities Holder. The Convertible Securities Holder has the ability to exclude up to 50% of the Face Value of the relevant Convertible Security from this early redemption on written notice to the Company within 4 business days of receiving notice from the Company.

(k) Collateral Shares

In the event that the VWAP per Share is less than \$0.016 at any time, the Company must issue 20,000,000 collateral Shares to the Convertible Securities Holder. The collateral Shares may be offset against future conversions at the election of the Convertible Securities Holder or purchased at the average of the lowest two (2) lowest daily VWAPs per Share during the five (5) consecutive Trading Days immediately prior to the relevant date or the Company will buy back any remaining at the end of the term for nil consideration.

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(l) Events of Default and covenants

The Company has provided standard representations and warranties to the Convertible Securities Holder. The Convertible Securities Holder has also provided the Company with standard representations and warranties. The Company has provided standard indemnities in favour of the Convertible Securities Holder and others.

There are numerous covenants imposed on the Company which are standard for an agreement of this nature such as, undertaking all actions reasonably required to consummate the transactions contemplated by the Convertible Securities Agreement, complying with applicable laws, obligations to file reports within required timeframes, using best efforts to obtain quotation of all Shares issued in respect of Convertible Securities, not seeking quotation on another market without consent and ensuring the Shares remain continuously quoted on the ASX, maintaining a register of Convertible Securities.

The Company is also prohibited from disposing all or a material part of the assets of the group unless it is for fair market value, raising debt funds unless it is to reduce the amount outstanding on the Convertible Securities, reducing its share capital, modifying the rights attached to Shares or issue Shares with more favourable rights, changing the nature of its business if it is likely to have a material adverse effect on the group, making an application under section 411 of the Corporations Act or transferring the jurisdiction of its incorporation.

The Company is also prohibited from entering into similar arrangements which provide for the issue of equity securities at a price that varies with the trading price of the Shares or which may be reset in the future for a period of 12 months and 60 calendar days after the closing of the Tranche 1B Offer.

Usual events of default for an agreement of this nature apply to the Company. These include:

- (1) a representation, warranty, covenant or statement made by the Company being inaccurate, false or misleading in any material respect;
- (2) failing to pay any amount payable when due and continuing to fail to pay within 5 Business Days of being notified of such failure in writing;
- (3) a group company is or becomes insolvent within the meaning of section 95A of the Corporations Act or is deemed to be presumed to be insolvent under any applicable law;
- (4) a court is required by reason of section 459C(2) of the Corporations Act to presume that the Company or any Subsidiary is insolvent;
- (5) an administrator, administrative receiver, manager or receiver or other similar officer is appointed over all or any of the assets or undertaking of any Group Company or any formal step preliminary to such appointment has been taken;
- (6) a controller within the meaning of section 9 of the Corporations Act or similar officer is appointed to all or any of the assets or undertaking of any group company;
- (7) an application or order is made, a proceeding is commenced, a resolution is passed or proposed in a notice of meeting, or an application to a court or other steps are taken (other than frivolous or vexatious applications, proceedings,

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notices or steps), for the winding up or dissolution of any group company, or for any group company to enter an arrangement, compromise or composition with, or assignment for the benefit of, its creditors, a class of them, or any of them;

- (8) a group company ceases, suspends, or threatens to cease or suspend, the conduct of all or a substantial part of its business, or dispose of, or threaten to dispose of, a substantial part of its assets unless such matters have been disclosed by the Company on the ASX prior to entering the Convertible Securities Agreement;
- (9) a group company takes action to reduce its capital or pass a resolution referred to in section 254N(1) of the Corporations Act;
- (10) any group company stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent;
- (11) Shares issued to the Convertible Securities Holder are not quoted on ASX by the third Business Day following the date of their issue;
- (12) the Company fails to lodge any Appendix 3B in respect of an issue of Shares to the Convertible Securities Holder within 1 Business Day of the issue of the Shares;
- (13) after the date of entering the Convertible Securities Agreement, the Shares are suspended from trading on the ASX for more than 10 days in any 12 month period;
- (14) a stop order, cessation of quotation, or removal of the Company or the Shares from the ASX Official List has been requested by the Company or imposed by ASIC, the ASX, or any other Governmental Authority or regulatory body with respect to public trading in the Shares on the ASX);
- (15) any of the conditions to draw down have not have been fulfilled in a timely manner by the time prescribed therein where those conditions have not previously been waived by the Investor in any respect;
- (16) a default judgment of an amount of \$500,000 or greater is entered against any Group Company;
- (17) any present or future liabilities, including contingent liabilities, of any Group Company for an amount or amounts totalling more than \$500,000 have not been satisfied on time, or have become prematurely payable;
- (18) an event occurs or a circumstance comes to subsist which would in the reasonable opinion of the Investor be likely to have a material adverse effect on the group as a whole;
- (19) there is a failure or delay in obtaining a Listing Rule approval, such that it is not possible for the Company to issue conversion Shares to the Investor without breaching Listing Rule 7.1;
- (20) the Company fails to perform, comply with, or observe, any other material term, covenant, undertaking, obligation or agreement under the Convertible Securities Agreement if incapable of remedy and if capable of remedy, fails to rectify such failure within 5 Business Days of being notified of such failure in writing.

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If any event of default has occurred and is continuing, L1 Capital Global Opportunities Master Fund may declare, by written notice to the Company, the amount outstanding and all other amounts payable by the Company to be immediately due and payable and/or terminate the Convertible Securities Agreement, by notice to the Company.

(m) Termination

In the event that:

- (1) the Prospectus is not lodged or the closing in respect of the Tranche 1A Offer does not occur by 16 December 2016, or such later date agreed in writing; or
- (2) the Shareholder approval is not obtained by and the closing in respect of the Tranche 1B Offer does not occur by 14 February 2017, or such later date agreed in writing,

the Convertible Securities Agreement may be terminated by either party.

In the event that the daily VWAP per Share is below \$0.016 at any time, L1 Capital Global Opportunities Master Fund may terminate the Convertible Securities Agreement, however, this does not by itself accelerate payment of any outstanding tranches.

(n) Rights of holder

The Convertible Securities will not carry a right to vote at meetings of the Company prior to any conversion of the Convertible Securities into Shares, nor will it carry any entitlement to participate in future issues of securities by the Company.

In the event that there is a consolidation, subdivision or pro-rata cancellation of the Company's issued capital, Conversion Price B, Conversion Price C, the collateral shareholding number and the base price (being 1.6cents) shall be reduced or, as the case may be, increased, in the same proportion as the issued capital of the Company is, as the case may be, consolidated, subdivided or cancelled.

(o) Options

Under the terms of the Convertible Securities Agreement, 35,000,000 Additional Options (exercisable at \$0.05 and expiring on 31 December 2018 and otherwise on the same terms as the SPP Options) are to be issued on the closing date of the Tranche 1A Offer, subject to the issue of the Prospectus and Shareholder approval being obtained.

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9. Investment Risks

9.1 General risks

A summary of the major general risks is set out below.

(a) Trading Price of Shares

The Company's operating results, economic and financial prospects and other factors will affect the trading price of the Shares. In addition, the price of Shares is subject to varied and often unpredictable influences on the market for equities, including but not limited to general economic conditions including the performance of the Australian dollar on world markets, inflation rates, foreign exchange rates and interest rates, variations in the general market for listed stocks in general, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks and hedging or arbitrage trading activity that may develop involving the Shares. In addition factors that in the future may impact specifically on the share prices of listed companies identified as being part of or involved in the technology or IT sector may impact likewise on the price of the Company's securities. In particular, the share prices for many companies including Xped, have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions relating to certain unstable regions of the world, acts of terrorism and the general state of the global economy and trading on the market. No assurances can be made that the Company's market performance will not be adversely affected by any such market fluctuations or factors.

(b) Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates in Australia and other jurisdictions in which the Company does business, as well as globally, may have an adverse effect on the Company's activities, as well as on its ability to fund those activities. Further, share market conditions may affect the value of the Company's securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (1) general economic outlook;
- (2) interest rates and inflation rates;
- (3) currency fluctuations;
- (4) changes in investor sentiment toward particular market sectors;
- (5) the demand for, and supply of, capital; and
- (6) terrorism or other hostilities.

(c) General legislative change

The Company is not aware of any current or proposed material changes in relevant regulations or policy in Australia or in any other markets in which the Company may do or intend to do business. However, changes in laws and regulations in Australia or other relevant jurisdictions may adversely affect the financial performance or the current and proposed operations generally of the Company. Of particular note here might be laws or regulations affecting the resources and energy, technology, IT and telecommunications sectors.

Further consideration of the regulatory environment with regards to the IoT industry are discussed in section 9.2(n).

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(d) **Government policy**

In addition to legislation changes, changes in relevant taxation, interest rates, other legal or administrative regimes, as well as Government policies in Australia or in any other markets in which the Company may do or intend to do business, may have an adverse effect on the assets, operations and ultimately the financial performance of both Xped and the entities in which it invests. These factors may ultimately affect the financial performance of Xped and the market price of its securities. Of particular note here might be Government policies affecting the technology, IT and telecommunications sectors.

Further, in addition to the normal level of income tax imposed on all industries, Xped may be required to pay indirect taxes, GST and other imposts which generally relate to revenue or cash flows. Industry profitability can be affected by changes in government taxation policies.

Changing attitudes to financial services regulation and protection of investment activities, together with the nature of the political process, provide the possibility for future policy changes. There is a risk that such changes may affect the Company's business, operations or financial condition.

(e) **Unforeseen expenses**

While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected.

(f) **Management actions**

Directors of the Company will, to the best of their knowledge, experience and ability (in conjunction with their management) endeavour to anticipate, identify and manage the risks inherent in the activities of the Company with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of the Company and its security, but without assuming any personal liability for the same.

(g) **Additional Requirements for Capital**

The capital requirements of the Company depend on numerous factors.

Depending on the ability of the Company to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offers. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations.

(h) **Litigation Risks**

The Company is exposed to possible disputes and litigation risks including intellectual property claims, contractual disputes, occupational health and safety claims and employee claims. If any such claim or dispute is proven, this may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

(i) **Force Majeure**

The Company, now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities

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or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(j) **Acquisitions**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, companies, products, technologies and/or products that are complementary to Xped's business. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving the sales and margins anticipated and retaining key staff and customer and supplier relationships.

9.2 **Risks specific to an investment in the Company**

In addition to the general market and economic risks noted in Section 9.1, investors should be aware of the risks specific to an investment in the Company. The major risks are described below.

(a) **Dilution Risk**

The Company currently has 2,084,716,668 Shares and 60,000,000 existing options on issue. At Completion, the Company proposes to issue:

- (1) up to 227,272,727 SPP Shares and Shortfall Shares;
- (2) up to 227,272,727 SPP Options and Shortfall Options;
- (3) Convertible Securities with a face value of up to \$10,000,000; and
- (4) up to 110,000,000 Additional Options.

Assuming full subscription of SPP Offer

Upon Completion of the Offers and assuming that all Offers are fully subscribed, the Eligible Shareholders (assuming each Eligible Shareholder subscribes for their full entitlement under the SPP Offer) will retain approximately 100% of the Company's issued Share capital.

Examples of the potential dilution on the issued Share capital of the Company if subsequently all Convertible Securities are converted or all Options are exercised (and provided no other Shares are issued or Options exercised), are set out in section 7.3 above.

Assuming no subscription of SPP Offer and full subscription of Shortfall Offer

Assuming the SPP Offer receives no subscriptions, upon completion of the Shortfall Offer and assuming that it is fully subscribed, the existing Shareholders (assuming that none of the Eligible Shareholders subscribed for their entitlements under the SPP Offer and thus none of the SPP Offer was subscribed) will retain approximately 90.17% of the Company's issued Share capital.

Examples of the potential dilution on the issued Share capital of the Company if subsequently all Convertible Securities are converted or all Options are exercised (and provided no other Shares are issued or Options exercised), are set out in section 7.3 above.

There is also a risk that the interests of Shareholders will be further diluted as a result of future capital raisings required in order to fund the development of Xped.

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(b) **Liquidity Risk**

There are presently 507,081,706 Shares classified as Restricted Securities, of which 497,081,706 are subject to mandatory escrow until up to 5 April 2018 and 10,000,000 are subject to voluntary escrow until 7 September 2017. This gives rise to an increased liquidity risk as a large portion of issued capital is not be able to be traded freely for a period of time.

(c) **Protection of IP/IT**

At the core of the Company's business is its proprietary application software such as its Auto Discovery Remote Control (**ADRC**) which utilises Near Field Communications technology (**NFC**) and Near Field Ping (**NFP**), as well as Xped's Device Browser, the Xped App and the Xped Infrastructure Platform (**XIP**) (the **Xped Technology**). The intellectual property at the core of the Xped Technology is key to its success. There is a risk that other individuals or companies may claim to have any interest in the intellectual property utilised in Xped Technology.

If the Company fails to protect its Xped Technology intellectual property rights adequately, competitors may gain access to Xped Technology or parts of it which may harm its business and the value of the Shares.

In addition, there may well be significant value attached to the trademarks and other similar forms of intellectual property associated with the Xped brand. Failure by the Company to adequately protect against infringements of intellectual property associated with its brand may result in significant damage to that brand and deterioration in the goodwill of the Xped business and the value of the Shares may be reduced.

However legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain, and particularly so with software. Effective patent, trademark, copyright and trade secret protection may not be available to the Company in every country in which the Xped Technology may eventually be sold or otherwise launched. Accordingly, despite its efforts, Xped may not be able to prevent third parties from infringing upon or misappropriating its intellectual property.

Market conditions depending, the Company may be required to incur significant expense in monitoring and protecting its intellectual property rights. It may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of its rights. Any litigation, whether or not it is successful, could result in significant expense to the Company, cause a distraction to management, and ultimately damage its business.

Dependence on the Internet and telecommunications infrastructure

The success of the Xped Technology and products will depend to some extent on the availability and stability of the:

- (1) telecommunications infrastructure, and in particular the infrastructure over which devices directly communicate with each other; and
- (2) internet.

The utility of Xped's Technology depends initially on smart devices being able to establish communications between themselves using NFC (at less than approximately 1 cm), and then direct communications between devices, and then possibly pathways to transmit packets of data between each of those devices over the Internet. Accordingly, direct connectivity (wireless or wireline) is likely to be critical to the adoption of Xped Technology and ultimately the success of the Xped business.

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The utility of both connectivity and the Internet for carrying communications between devices can be adversely impacted upon as a result of the rapidly increasing demands for bandwidth, data security, reliability, cost, accessibility and quality-of-service. Delays in the development or adoption of new standards and protocols to handle these increased demands may impact on the adoption of Xped Technology and ultimately the success of Xped's business.

In particular, the performance of the Internet has been harmed by "viruses," "worms" and similar malicious programs, and the Internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure. If for any reason the Internet does not remain a widespread communications medium, the demand for Xped Technology would be significantly reduced, which would harm its business.

Importantly, Xped's ADRC is agnostic of the transmission technology used. A wide range of wireless as well as wireline options can be used and would be dependent upon the application. This is a decision made by the manufacturer on what best suits the needs of their customers.

Please note that Xped's ADRC platform does not rely on access to the internet to function, however the experience may be enhanced if connection is made. The Xped Infrastructure Platform will require internet connectivity to deliver full functionality.

(d) **Standardisation Risk**

The application and use of different technologies in the IoT sector is presently subject to many different standards due to the absence of any agreed architecture framework for IoT solutions. Whilst Xped is hopeful that its ADRC technology may present the opportunity for adoption as a future standard, because of the activity by others at this time in this sector using different standards, no assurance can be given that Xped's technology will be adopted as the standard in this sector. The Company is seeking to mitigate this risk through diversifying its onboarding capabilities to include other standards including BLE, and WiFi transport standards.

(e) **Commercialisation Risk**

Commercialisation of Xped's technology will require the Company to identify appropriate vendors, product designers and manufacturers and negotiate agreements on commercial terms to generate royalty and licence fee based revenue income. Whilst the Company is in either collaboration arrangements or advanced discussions with a number of international companies, it does not at this time have a licence agreement with any third parties which has as yet generated revenue and no assurance can be given that the Company will be successful in entering into such agreements.

(f) **Hacker risk, Technology / disruption / corruption / systems failure**

Security concerns and the possibility of data corruption and data manipulation are particular concerns with the ongoing confidence in IoT applications in general and the adoption of short-range wireless technology such as the NFC technology in particular. Where consumers perceive that ADRC is insecure and open to being hacked, then the adoption of Xped Technology may be impacted. This may ultimately impact on the success of the Company.

Similarly the threat of the hacking of communications over the Internet between devices may similarly impact of the uptake of Xped Technology.

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The perception of risk associated with the theft of devices on which consumers are running Xped's Device Browser to communicate and control their other devices may also have a significant impact on the uptake of Xped Technology.

Whilst Xped have sought as part of the design of their ADRC technology to incorporate security aspects, at the present time this security design is still being investigated and no assurance can be given at this time that Xped's technology will be immune from the usual range of IoT technology risks.

To mitigate any risks associated with NFC security, Xped will be integrating changes to the hardware design to include an AES encryption engine.

(g) **Extensive competition**

There is a great deal of interest in the "Internet of Things" and device connectivity. Accordingly there is huge potential future competition and there can be no assurances that the competitive environment will not change adversely due to actions of competitors or changes in customer preferences. The Company's financial performance or operating margins could be adversely affected if the actions of competitors or potential competitors become more effective, or if new competitors enter the market and the Company is unable to counter these actions.

(h) **Reliance on Key Management**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and directors. The Company will rely heavily on the experience and knowledge of Martin Despain, Athan Lekkas, John Schultz and Christopher Wood. In the event that any of these persons or any other key personnel that the Company subsequently recruits leaves the Company and the Company is unable to recruit suitable replacements, such loss could have a materially adverse effect on the Company. There can be no assurance that there will be no detrimental impact on the performance of the Company or its growth potential if one or more of these key management personnel cease their engagement with the Company and suitable replacements are not identified and engaged in a timely manner.

(i) **Risk of High Volume of Share Sales**

There are presently a significant number of Shares subject to ASX imposed escrow as well as voluntary escrow. Upon release of such escrow it may be the case that some of the holders of such Shares may not intend to continue to hold those securities and may wish to sell them on the ASX. There is a risk that an increase in the number of people wanting to sell Shares may adversely impact on the market price of the Company's Shares.

There can be no assurance that there will be, or continue to be, an active market for Shares or that the price of Shares will increase. As a result, holders of Shares may, upon selling their securities, receive a market price for their securities that is less than the price of Shares offered pursuant to the Offers.

(j) **Research and Development Risks**

Investments in research and development technologies such as the Xped Technology are often uncertain or unproven, and the exact value of those assets may not be known at the time that the Company acquires them. Expenditure on research and development may yield no results or results different to what is expected. Additionally investments in new technologies, products and processes may not yield the required return on those products for the Company to generate a return above cost.

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(k) **Relationships with suppliers**

The Company will rely on sourcing products from various suppliers and any material adverse change in the Company's relationships with its suppliers, its terms of trade, or the ability of key suppliers to service orders could have an adverse impact on the Company's prospects.

It is important to note, however, that the business model for Xped is licensing of IP, software infrastructure services, and professional services. As such, its business revolves largely around the supply of software and professional services, and does not heavily rely upon the supply of other products.

In areas where supply of components is necessary, i.e. to provide that same IP on a module, multiple avenues of supply will be available. Xped's ADRC is agnostic of the chip supplier and Xped is in discussions with several semiconductor firms to ensure that problems with availability are mitigated.

(l) **Material arrangements**

Xped and its subsidiaries have entered various material arrangements which are important to the future of the Group. Any failure by counterparties to these arrangements to perform their obligations under such material arrangements, may have a material adverse effect on the Group, and there can be no assurance that the Group would be successful in attempting to enforce any of its rights through legal action.

In addition Xped and its subsidiaries have entered a number of non-binding arrangements, by way of memorandums of understanding. These arrangements by their nature may be nonbinding and unenforceable. As such, in the event that the other parties to these arrangements fail to perform their obligations, the Group may have no right to enforce the provisions of these arrangements through legal action.

(m) **Growth prospects and company expansion plans**

The Company's growth prospects are dependent upon a number of factors. If the Company fails to execute any expansion plan, its financial performance is likely to be negatively affected.

Xped recognises that any exponential growth will be achieved through partnerships it creates. The Company's technologies have diverse appeal and application and as such the partnerships either formed or being created are in a diverse set of industry verticals. The Company has identified a number of target vertical markets including Healthcare and through its subsidiary, JCT Healthcare, has a clear entry point into this market. The Company has identified Data Centres as another vertical and through a partnership with Vital Xense is actively developing solutions in this market.

Xped is also taking proactive steps to enter verticals where there is opportunity for commercial return.

(n) **Regulatory risks**

Currently there are few IoT-specific laws and regulations. One area of particular concern is that of data privacy and protection. Currently in Australia IoT-based technologies may be impacted by informational privacy laws. Such laws differ from jurisdiction to jurisdiction.

In Australia, the collection, use, storage and disclosure of "personal information" is principally regulated by the Privacy Act. The Privacy Act does not prohibit IoT-based

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technologies; but it could in certain circumstances impose additional compliance obligations on businesses that use or commercialise those technologies.

The compliance obligations under the Privacy Act only extend to “personal information”. The term “personal information” is defined in the Privacy Act to mean (in summary) information or an opinion about an identified individual, or an individual who is reasonably identifiable.

If the ADRC IoT Platform Technology collects data which falls within the definition of “personal information”, then the compliance regime under the Privacy Act will apply to the Company in respect of the collection, use, storage and disclosure of that “personal information”.

If the data collected by the Xped Technology does not (by itself) constitute “information or an opinion about an identified individual” (such a device MAC address, an IP address or event metadata), it is still possible that such data could be aggregated with other datasets which, together, could be considered personal information.

The Company will take steps to ensure compliance with any applicable requirements of the Privacy Act.

In addition, there are on-going policy developments in a number of areas relevant to the take-up of IoT which may result in increased regulation and therefore increased regulatory compliance costs for Xped’s business. These areas include:

- (1) spectrum management;
- (2) interoperability and open systems;
- (3) network resilience and security;
- (4) security and data privacy;
- (5) data sharing; and
- (6) numbering.

As laws and regulations develop around each of these areas in jurisdictions in which devices using Xped Technology are located, or in which data necessary for the application of that technology is collected, transferred, accessed, stored or analysed, there may be increased regulatory compliance costs for Xped’s business. However, these costs may be off-set to some degree by the increased take-up and adoption of IoT applications in general, and Xped’s technology in particular as consumer confidence in the security, safety and reliability of these IoT technologies increase.

(o) **Tenements**

The Company continues to hold its existing geothermal exploration tenements. The tenements of the Company are in various stages of exploration and potential investors should understand that geothermal exploration and development are high-risk enterprises, only occasionally providing high rewards.

Inherent in geothermal exploration operations is a real environmental risk. The legal framework governing this area is constantly developing. As such the Company is unable to fully ascertain any future liability that might arise from environmental laws or regulations, although such regulation is typically strict and may impose severe penalties.

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The Australian tenements remain on care and maintenance and the Company is presently working with Department of State Development to rehabilitate and restore these tenements in the 2017 calendar year.

Xped entered a Sale and Purchase Agreement (“SPA”) with KS Orka Pte Ltd to divest the Company’s 45% equity interest in the Sokoria Geothermal Project. The SPA has not concluded and there is the risk of political, legislative and bureaucratic events occurring within Indonesia that may cause delays to completion or completion may not occur for a variety of reasons, which may have adverse effects on the Company.

9.3 General

The above list of risk factors, both general and specific, ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. Any combination of the above factors may materially affect any business operations or the financial performance of Xped and the value of its securities. The above factors, and others not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of the Company’s securities. To that extent the Shares, Options or Convertible Securities offered in this Prospectus are subject to significant risk and uncertainty with respect to return or preservation of capital, the price (if any) at which the Shares or Options may trade and the payment of dividends in any future time. Therefore, the securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

10. Additional information

10.1 Continuous disclosure obligations

The Company is a disclosing entity and therefore subject to regular reporting and disclosure obligations under the Corporations Act. Under those obligations, the Company is obliged to comply with all applicable continuous disclosure and reporting requirements in the ASX Listing Rules.

This Prospectus is issued under section 713 of the Corporations Act. This section enables disclosing entities to issue a prospectus in relation to securities in a class of securities which has been quoted by the ASX at all times during the three (3) months before the date of the Prospectus or options to acquire such securities. Apart from formal matters this Prospectus need only contain information relating to the terms and conditions of the Offer, the effect of the Offer on the Company and the rights and liabilities attaching to the Convertible Securities, Shares, Options and Shares to be issued on exercise of the Options or conversion of the Convertible Securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to the ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Copies of the documents lodged by the Company with ASIC may be obtained from, or inspected at an office of ASIC.

The Company will provide a copy of any of the following documents, free of charge, to any person who asks for a copy of the document before the Closing Date in relation to this Prospectus:

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- (a) annual financial report for the period ending 30 June 2016;
- (b) reviewed half-yearly financial statements for the Company for the period ending 31 December 2016 (once lodged with ASIC); and
- (c) any other financial statements lodged in relation to the Company with ASIC and any continuous disclosure notices given by the Company to the ASX, in the period starting immediately after lodgement of the annual financial report for the Company for the period ended 30 June 2016 and ending on the date of lodgement of this Prospectus with ASIC.

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

Date	Description of Announcement
29/09/2016	2016 Annual Report
29/09/2016	2016 Appendix 4G and Corporate Governance Statement
29/09/2016	Appendix 3B – Release of Securities from Escrow
03/10/2016	Release of Securities from Escrow
04/10/2016	Xped Launches New Corporate Website
12/10/2016	Xped Receives Platinum Membership with OCP
12/10/2016	Appendix 3B - Release of Securities from Escrow
13/10/2016	Trading Halt
14/10/2016	Xped to Acquire Leading Software Developer
21/10/2016	Release of Securities from Escrow
24/10/2016	Appendix 3B - Release of Securities from Escrow
26/10/2016	ASX Waiver and Variation of Incentives
28/10/2016	Quarterly Activities and Cashflow Report
31/10/2016	Investor Roadshow Presentation
31/10/2016	Notice of Annual General Meeting and Proxy Form
07/11/2016	Trading Halt
09/11/2016	Suspension from Official Quotation
16/11/2016	Xped Secures up to \$10 Million Premium to Convertible Note
16/11/2016	Reinstatement to Official Quotation
16/11/2016	Company Update
18/11/2016	Xped Completes Porting to Chipset Manufacturers
18/11/2016	Appendix 3B - Release of Securities from Escrow
21/11/2016	Appendix 3B - Release of Securities from Escrow
22/11/2016	Q&A with the Managing Director
24/11/2016	Company Update
30/11/2016	AGM Resolutions Withdrawn
30/11/2016	Chairman Letter

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Date	Description of Announcement
30/11/2016	Xped AGM Presentation
01/12/2016	Result of 2016 Annual General Meeting
12/12/2016	Delivery of Production Samples Utilising ST Micro Processors
15/12/2016	Company Update – Complex Semi iCharger
15/12/2016	Expiry of Unlisted Options
16/12/2016	ADRC Now Available on STM32 Microcontrollers
16/12/2016	Xped Customer Presentation

10.2 Market price of Shares

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

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

	Share price	Date
Highest	\$0.063	19 September 2016
Lowest	\$0.029	17 November 2016
Last	\$0.031	15 December 2016

10.3 ASX Waiver

The Company notes that ASX may provide a waiver from Listing Rules 7.1, 7.3.8 and 10.11 to permit Xped, without Shareholder approval, to issue securities to Eligible Shareholders under the SPP. Accordingly, the Company has applied to the ASX for the following waivers and approvals:

- (a) Listing Rule 7.1 to the extent necessary to permit the issue by Xped of the SPP Shares and SPP Options to Eligible Shareholders under the SPP where ASIC Class Order 09/425 would otherwise have applied to the SPP Offer but for the fact that Xped's securities have been suspended from quotation on ASX for more than a total of 5 days during the period of 12 months before the day on which the offer is made and consequently Xped is issuing this Prospectus in connection with the SPP Offer;
- (b) Listing Rule 7.3.8 to the extent necessary to permit the resolution of Xped to approve the issue of up to 227,272,727 SPP Shares and 227,272,727 SPP Options to those Eligible Shareholders who were issued SPP Shares (on the terms set out in section 5.2) not to include a voting exclusion statement in the Meeting materials or alternatively to include a voting exclusion statement on the condition that the only votes to be disregarded are any votes cast on that resolution by an underwriter or sub-underwriter of the SPP (noting that there is currently no intention for the SPP to be underwritten); and
- (c) Listing Rule 10.11 to the extent necessary to permit Xped to issue the SPP Shares and one SPP Option for every one SPP Share issued to any of its related parties without obtaining shareholder approval under that rule, on the condition that all related parties are offered SPP Options on the same terms as all other Eligible Shareholders who are issued SPP Shares.

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The Company will provide further disclosure to the market upon ASX making a determination in respect of the application for the above mentioned approvals and waivers.

10.4 **Extraordinary General Meeting**

The Meeting has been convened by the Company for 19 January 2017 primarily for the purpose of seeking the approval of Shareholders to various resolutions required to implement the Offers.

It is a condition to completion of each Offer (except for the Tranche 1A Offer) under this Prospectus, that Shareholders approve the relevant Offer as noted below. The resolutions include the following:

- (a) Resolutions 2 - 4 – Approval to issue Tranche 1B Offer, Tranche 2 Offer and Tranche 3 Offer to the Convertible Securities Holder;
- (b) Resolutions 5 and 6 – Approval to issue Additional Options to unrelated parties.
 - (1) Resolution 5 provides for the issue of 35million Additional Options to the Convertible Securities Holder,
 - (2) Resolution 6 provides for the issue of 75million Additional Options to professional advisors to the Company in respect of the Offers.

In the event that some but not all of the resolutions to issue the Additional Options as identified above are approved, the Company will be permitted to issue those Additional Options for which it has received Shareholder approval;

- (c) Resolution 7 – Approval to issue SPP Shares;
- (d) Resolution 8 – Approval to issue SPP Options; and
- (e) Resolution 9 – Approval to issue any Shortfall Shares and Shortfall Options to unrelated parties.

10.5 **Corporate Advisory Mandates**

Hunter Capital Mandate

The Company entered into the Hunter Capital Mandate so that Hunter Capital could assist the Company in securing subscriptions for the Convertible Securities Offers. This culminated in the execution of the Convertible Securities Agreement. Upon completion of each of the Tranche 1A Offer, Tranche 1B Offer, Tranche 2 Offer and Tranche 3 Offer, Hunter Capital will be paid a fee of either, at the Company's discretion:

- (a) 5% (plus GST) of the respective purchase price for the tranche in cash within 3 Business Days of the drawdown; or
- (b) 5% (plus GST) of the respective purchase price for the tranche in ordinary fully paid shares in the Company at an issue price of \$0.02 per share within 3 Business Days of the drawdown (with the GST to be paid in cash).

In addition, Hunter Capital will be issued 50,000,000 advisor options (being part of the Additional Options), on the same terms as the SPP Options, when the Tranche 1B Offer is completed.

Cadmon Advisory Mandate

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The Company entered into the a mandate with Cadmon Advisory Pty Ltd (**Cadmon Advisory Mandate**) so that Cadmon Advisory Pty Ltd could assist the Company in respect of the Offers in respect of structuring and ongoing advice on the Convertible Securities and to act as lead manager and provide assistance with respect to the Share Purchase Plan. Cadmon Advisory Pty Ltd will be paid the following fees under the Cadmon Advisory Mandate:

- (a) 1% (plus GST) of the respective purchase price for each tranche of Convertible Securities drawn down, payable in cash; or
- (b) 6.25% (plus GST) of the amount raised under the SPP and from the SPP Shortfall, payable in cash.

In addition, Cadmon Advisory Pty Ltd will be issued 25,000,000 advisor options (being part of the Additional Options), on the same terms as the SPP Options, when the Tranche 1B Offer is completed.

10.6 Constitution

The Constitution is in a form common to public companies in Australia and was adopted by the Company on 4 March 2016.

The Company will provide a copy of the Constitution to any Shareholder upon request, free of charge.

10.7 Corporate Governance

The Company reports on its compliance with the recommendations made by the Corporate Governance Principles and Recommendations in its annual report. Where the Company's corporate governance practices do not correlate with the practices recommended by the ASX Corporate Governance Council, the Company is working towards compliance however it does not consider that all practices are appropriate for the Company due to the size and scale of the Company operations.

10.8 Interests of Directors

The nature and extent of the interest (if any) that any of the Directors of the Company holds, or held at any time during the last two years in:

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

is set out below or elsewhere in this Prospectus.

Other than as set out below or elsewhere in this Prospectus, no one has paid or agreed to pay any amount, and no one has given or agreed to give any benefit to any Director or proposed director:

- (d) to induce them to become, or to qualify as, a Director of the Company; or
- (e) for services provided by a Director in connection with:
 - (1) the formation or promotion of the Company; or

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(2) the Offer.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is as follows:

Director (including associated entities)	Current Shareholding (Direct and Indirect)¹	% of Total Share Capital (2,084,716,668 Shares on issue)¹
Christopher Wood	225,465,400	10.82%
John Schultz	280,576,640	13.46%
Athan Lekkas	57,700,000	2.77%
Martin Despain	Nil	Nil
Wenjun Sheng	Nil	Nil

Notes:

¹ This includes the 507,081,706 shares subject to escrow. In addition JK Group and Alantix currently hold 150million existing Management Performance Shares which are in the process of being cancelled, as approved at the annual general meeting held on 30 November 2016.

In addition, the Directors may participate in the SPP if they are Eligible Shareholders, subject to the ASX Waiver outlined in section 10.3(c) being obtained.1.1(c)

Remuneration

Each of Christopher Wood, John Schultz, Martin Despain and Athan Lekkas are executive Directors.

Dr Wenjun Sheng is a non-executive Director. The total maximum remuneration of non-executive Directors is set by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$300,000 per annum.

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

The following table shows the total annual remuneration for the previous 2 financial years and the current financial year to date paid to those Directors who are currently Directors as at the date of this Prospectus.

Director	Financial Year ending 30 June 2015	Financial Year ending 30 June 2016	To date in this Financial Year
Christopher Wood	\$38,640	\$125,133 ¹	\$210,877 ¹
John Schultz ²	\$16,197	\$76,833	\$106,667
Athan Lekkas	\$85,410	\$246,438 ³	\$261,946

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Director	Financial Year ending 30 June 2015	Financial Year ending 30 June 2016	To date in this Financial Year
Martin Despain	-	-	\$140,867 ⁴
Wenjun Sheng	-	\$30,000	\$101,651

Notes: The above disclosure relates only to current Directors and does not include directors who resigned during the periods shown.

1 This includes benefits such as living allowance costs, accommodation and health insurance.

2 In addition to his remuneration, the Company engages Electro CAD Australia Pty Ltd, a company controlled by John Schultz, to provide services to the Company, details of which are set out in section 10.9 below. The Company has paid ElectroCAD fees during the 24 months prior to the date of this Prospectus.

3 This includes remuneration paid prior to the reverse takeover.

4 This includes payment of health insurance.

10.9 Related party transactions

From time to time the Company may be party to transactions with related parties including:

- (a) employment and service arrangements; and
- (b) payment of Directors fees.

The Company believes that it has made appropriate disclosure of past related party transactions and other than any further disclosure specifically set out below or made elsewhere in this Prospectus does not intend to make any further disclosure of such transactions which transactions will have either proceeded on an "arm's length" basis, reasonable remuneration basis or been approved by Shareholders in general meetings.

The Company discloses the following transactions with related parties which have either proceeded on an "arm's length" or reasonable remuneration basis. The transactions are:

- (a) consultancy agreements with the Directors as follows:
 - (1) with Mr Christopher Wood and Alantix Pty Ltd which provides a remuneration package of US\$272,000 per annum, including Board fees, and additional relocation and living allowance costs will be paid by the Company under the consultancy agreement to the extent Mr Wood is required to relocate to the USA at any time, including reasonable relocation and return expenses, motor vehicle expenses, rent of residence in the USA up to US\$6,000 per month and health insurance for Mr Wood and his immediate family in the USA;
 - (2) with Mr John Schultz and JK Group which provides for remuneration of \$220,000 per annum, plus Board fees of \$36,000 per annum;
 - (3) with Mr Athan Lekkas and Dalext Pty Ltd which provides a remuneration package of US\$362,000 per annum, including Board fees. Additional relocation and living allowance costs will be paid by the Company under the consultancy agreement to the extent Mr Lekkas is required to relocate to the USA at any time, including reasonable relocation and return expenses, motor vehicle expenses, rent of residence in the USA up to US\$12,000 per month and health insurance for Mr Lekkas and his immediate family in the USA. Mr Lekkas will also be paid the following cash bonuses, subject to remaining engaged by the Company at the time of satisfying the relevant milestone:

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- (A) a cash bonus equal to 30% of the annual consultancy fee (being 30% of US\$362,000) within 20 Business Days of certification by the Board that the Company (on a consolidated basis) has generated and received at least AUD\$2.5million in revenue, during the period commencing on the Milestone Date and ending 24 months after the Milestone Date (**Milestone A**);
- (B) a cash bonus equal to 30% of the annual consultancy fee (being 30% of US\$362,000) within 20 Business Days of certification by the Board that the Company (on a consolidated basis) has generated and received at least AUD\$5.0million in revenue during the period commencing on the Milestone Date and ending 24 months after the Milestone Date (**Milestone B**); and
- (C) a cash bonus equal to 30% of the annual consultancy fee (being 30% of US\$362,000) within 20 Business Days of certification by the Board that the Company has raised at least AUD\$5.0million from the placement of shares in the Company during the period commencing on the Milestone Date and ending 24 months after the Milestone Date (**Milestone C**).

For the avoidance of doubt revenue generated and received which is included in respect of the Milestone A calculation will also be included in the Milestone B calculation;

- (4) with Mr Martin Despain which provides a remuneration package of US\$360,000 per annum including Board fees and payment of medical insurance of up to US\$27,000 per annum. Mr Despain is also entitled to a signing bonus of US\$80,000, 50% payable on the commencement date and the balance 50% payable on the date that is 6 months after the commencement date. Mr Despain will also be paid the following cash bonuses, subject to remaining engaged by the Company at the time of satisfying the relevant milestone:
 - (A) a cash bonus equal to 30% of the annual consultancy fee (being 30% of USD\$360,000) within 20 Business Days of certification by the Board that the Company (on a consolidated basis) has generated and received at least AUD\$2.5million in revenue, during the period commencing on the Despain Commencement Date and ending 24 months after the Despain Commencement Date (**Milestone A**); and
 - (B) a cash bonus equal to 30% of the annual consultancy fee (being 30% of USD\$360,000) within 20 Business Days of certification by the Board that the Company (on a consolidated basis) has generated and received at least AUD\$5.0million in revenue during the period commencing on the Despain Commencement Date and ending 24 months after the Despain Commencement Date (**Milestone B**).

For the avoidance of doubt revenue generated and received which is included in respect of the Milestone A calculation will also be included in the Milestone B calculation;;

- (5) with Dr Wenjun Sheng which provides a remuneration package of US\$180,000 per annum, including Board fees;
- (6) with Malvern Corporation Pty Ltd (**Malvern Corporation**) and Michael Clarke dated 14 January 2016 under which Malvern Corporation agreed to provide certain consultancy services to the Company and Michael Clarke agreed to be appointed as an executive director and Head of IT of the Company. Details of

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this agreement were set out in the Prospectus dated 18 January 2016. Michael Clarke resigned as a director with effect on 31 August 2016 and this agreement terminated with effect from 30 November 2016; and

- (b) Mr John Schultz is a director of Electro CAD Australia Pty Ltd which provides contracted engineering services to the Company including printed circuit boards assembly, component sourcing and costings and kitting. Fees in the amount of \$409,621 have been charged by Electro to Xped or its subsidiaries from 15 December 2014 to 15 December 2016.

The Board considers that the remuneration and benefits in (a) above are reasonable remuneration pursuant to section 211 of the Corporations Act or in the case of (b) are on arm's length commercial terms.

10.10 **Interests of experts and advisers**

This section applies to persons 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, promoters of the Company and any financial services licensee named in the Prospectus as involved in the Offers (collectively **Prescribed Persons**).

Other than as set out below or elsewhere in this Prospectus, no Prescribed Person has, or has had in the last two years, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired in connection with the formation or promotion of the Company or the Offers; or
- (c) the Offers under this Prospectus.

Other than that as set out below or elsewhere in this Prospectus, no one has paid or agreed to pay any amount, and no one has given or agreed to give any benefit to any Prescribed Person for services provided by a Prescribed Person in connection with the:

- (a) formation or promotion of the Company; or
- (b) Offers under this Prospectus.

10.11 **Litigation**

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

10.12 **Subsequent events**

There has not arisen, at the date of this Prospectus any item, transaction or event of a material or unusual nature not already disclosed in this Prospectus which is likely, in the opinion of the Directors of the Company to affect substantially:

- (a) the operations of the Company,
- (b) the results of those operations; or
- (c) the state of affairs of the Company.

10.13 **Foreign Resident Tax Withholding**

The Company warrants and declares that on the date of making this Offer and on the date five (5) days prior to issue of any Convertible Securities, Shares and Options and conversion of any Convertible Securities and exercise of any Options that it is a resident of Australia for

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Australian tax purposes and has lodged income tax returns in Australia and the value of Australian real property owned by the Company accounts for 50% or less of the Company total value. As a result, the Company and each Applicant agree that the Withholding Component will not be retained by the Applicant in respect of the application for Convertible Securities, Shares or Options or on conversion of the Convertible Securities or exercise of the Options. For the purposes of this paragraph, the 'Withholding Component' means an amount equal to 10% of the application monies paid pursuant to the Offer.

10.14 **Privacy**

By submitting an Application Form you are providing to the Company personal information about yourself. If you do not provide complete and accurate personal information, your application may not be able to be processed.

The Company maintains the register of members of the Company through Automic, an external service provider. The Company requires Automic to comply with the National Privacy Principles with performing these services. The Company's register is required under the Corporations Act to contain certain personal information about you such as your name, address and number of shares and options held. In addition, the Company collects personal information from members such as, but not limited to, contact details, bank accounts and membership details and tax file numbers.

This information is used to carry out registry functions such as payment of dividends, sending annual and half yearly reports, notices of meetings, newsletters and notifications to the Australian Taxation Office. In addition, contact information will be used from time to time to inform members of new initiatives concerning the Company.

The Company understands how important it is to keep your personal information private. The Company will only disclose personal information we have about you:

- (a) when you agree to the disclosure;
- (b) when used for the purposes for which it was collected;
- (c) when disclosure is required or authorised by law;
- (d) to other members in the Xped group of companies;
- (e) to your broker; and
- (f) to external service suppliers who supply services in connection with the administration of the Company's register such as mailing houses and printers, Australia Post and financial institutions.

You have the right to access, update and correct your personal information held by the Company and Automic, except in limited circumstances. If you wish to access, update or correct your personal information held by Automic or by the Company please contact our respective offices.

If you have any questions concerning how the Company handles your personal information please contact the Company.

10.15 **Consents**

Each of the parties referred to in this section:

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

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HopgoodGanim Lawyers are named in the Corporate Directory as Solicitors to the Offers and have performed work in relation to the Prospectus. In doing so, they have placed reasonable reliance upon information provided to them by the Company and other third parties. They do not make any statement in this Prospectus. HopgoodGanim Lawyers has given its consent to be named as Solicitors to the Offers in the form and context in which it is named and has not withdrawn that consent prior to the lodgement of this Prospectus with ASIC. HopgoodGanim Lawyers will be paid for work performed in accordance with usual time based charge out rates and estimate their professional costs at \$85,000 (excluding disbursements and GST) at the date of this Prospectus. HopgoodGanim Lawyers are the Company's Australian lawyers and are engaged from time to time by the Company on a variety of matters. Further amounts may be paid to HopgoodGanim Lawyers in accordance with its normal time based charge out rates. Hunter Capital are named in this Prospectus as advisor to the Convertible Securities Offers. Hunter Capital has not authorised or caused the issue of this Prospectus and does not make or purport to make any statement in this Prospectus. Hunter Capital has given its written consent to be named in the form and context in which it is named and has not withdrawn its consent prior to lodgement of this Prospectus with ASIC. Hunter Capital will be paid for services provided pursuant to the Hunter Capital Mandate, details of which are set out in section 10.5. The maximum fee that Hunter Capital may be paid under the Hunter Capital Mandate is \$450,000 (excluding disbursements and GST) and will also receive 50,000,000 Additional Options.

Cadmon Advisory Pty Ltd are named in this Prospectus as assisting with the Offers and acting as lead manager in respect of the Share Purchase Plan. Cadmon Advisory Pty Ltd has not authorised or caused the issue of this Prospectus and does not make or purport to make any statement in this Prospectus. Cadmon Advisory Pty Ltd has given its written consent to be named in the form and context in which it is named and has not withdrawn its consent prior to lodgement of this Prospectus with ASIC. Cadmon Advisory Pty Ltd will be paid for services provided pursuant to the Cadmon AdvisoryMandate, details of which are set out in section 10.5. The maximum fee that Cadmon Advisory Pty Ltd may be paid under the Cadmon Advisory Mandate is \$558,750 (excluding disbursements and GST) and will also receive 25,000,000 Additional Options.

Automic Registry Services has given its written consent to be named as the Share Registrar in the form and context in which it is named and has not withdrawn its consent prior to lodgement of this Prospectus with ASIC. Automic Registry Services has not authorised or caused the issue of this Prospectus and does not make or purport to make any statement in this Prospectus.

10.16 Expenses of the offer

The total expenses of the Offers together with the expenses of the Meeting are estimated to be approximately \$1,189,750 (excluding GST). Please see section 4.5 for further details.

11. Directors' Authorisation

This Prospectus is issued by Xped Limited. Each Director has consented to the lodgement of the Prospectus with ASIC.

Signed on the date of this Prospectus on behalf of Xped Limited by:



Athan Lekkas
Chairman

Prospectus

12. Glossary

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

Additional Option means an option to acquire a Share on the terms and conditions set out in section 8.1 of this Prospectus.

Additional Option Offer means the non-renounceable offer and issue of up to 110,000,000 Additional Options the subject of this Prospectus.

Advisors means advisors to the Company in connection with the Offers, as determined by the Company, being Hunter Capital and Cadmon Advisory Pty Ltd.

Applicant means a person who submits an Application Form.

Application Form means an application form in a form accompanying this Prospectus.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited and the Australian Securities Exchange as the context requires.

ASX Listing Rules means the listing rules of the ASX.

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

Business Day means a day, other than a Saturday, Sunday or public holiday, on which banks are open for general banking business in Adelaide.

Closing Date means the closing date for each Offer as set out in section 2, subject to variation by the Company without notice.

Company means Xped Limited ACN 122 203 196.

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

Convertible Securities Agreement means the agreement entered by the Company and L1 Capital Global Opportunities Master Fund on 16 November 2016 which provides for the issue of the Convertible Securities.

Convertible Securities means the convertible securities offered to the Convertible Securities Holder to raise up to \$9,000,000 (with a face value up to \$10,000,000) pursuant to the Tranche 1A Offer, Tranche 1B Offer, Tranche 2 Offer and Tranche 3 Offer.

Convertible Securities Holder means L1 Capital Global Opportunities Master Fund or its nominee.

Convertible Securities Offers means the Tranche 1A Offer, Tranche 1B Offer, Tranche 2 Offer and Tranche 3 Offer.

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

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

EGM or Meeting means the extraordinary general meeting of Shareholder convened for 19 January 2017.

Eligible Shareholder means a Shareholder who is eligible to participate in the Share Purchase Plan, being shareholders of the Company who are registered as holders of Shares at 7pm (AEDT) on the Record Date of 15 November 2016 and whose registered address is in Australia and New Zealand.

Face Value means the face value of a Convertible Security.

Group means the Company and its subsidiaries.

Hunter Capital means Hunter Capital Advisors Pty Ltd ACN 603 930 418.

Hunter Capital Mandate means the mandate entered into by the Company and Hunter Capital on or about 16 November 2016.

Investors means investors identified and selected by the Company to participate in the Shortfall Share Offer and the Shortfall Option Offer.

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Issue Date means the date on which the Shares and/or Options are issued for each Offer as set out in section 2, subject to variation by the Company without notice.

ODM means an original design manufacturer, which is a company that designs, develops and manufactures a product as specified and eventually rebranded by another firm for sale. Such companies allow the firm that owns or licenses the brand to produce products (either as a supplement or solely) without having to engage in the organisation or running of a factory.

OEM means an original equipment manufacturer, which is a technology provider that distributes output devices produced by another company under its own brand name.

Offers means the Tranche 1A Offer, Tranche 1B Offer, Tranche 2 Offer, Tranche 3 Offer, SPP Share Offer, SPP Option Offer, Shortfall Share Offer, Shortfall Option Offer and Additional Option Offer and **Offer** means any of them.

Official Quotation means official quotation on the ASX.

Opening Date means the opening date for each Offer as set out in section 2, subject to variation by the Company without notice.

Option means each of the SPP Option, Shortfall Option and Additional Option, which provide the holder an option to acquire a Share.

Prospectus means this prospectus dated 16 December 2016 as modified or varied by any supplementary prospectus made by the Company and lodged with ASIC from time to time and any electronic copy of this prospectus and supplementary prospectus.

Record Date means 7pm (AEDT) on 15 November 2016.

securities has the same meaning as in section 92 of the Corporations Act.

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

Share Purchase Plan or **SPP** means the share purchase plan undertaken by the Company pursuant to this Prospectus and includes offers of SPP Shares and SPP Options made pursuant to such plan.

Share Registry or **Automic** means Automic Registry Services.

Shareholder means a holder of a Share.

Shortfall or **Shortfall Offer** means the Shortfall Share Offer and the Shortfall Option Offer.

Shortfall Share means any Shares forming part of the SPP Shortfall on the terms and conditions set out in section 5 of this Prospectus.

Shortfall Share Offer means the offer and issue of the Shortfall Shares the subject of this Prospectus.

Shortfall Option means an option to acquire a Share on the terms and conditions set out in section 8.1 of this Prospectus.

Shortfall Option Offer means the offer and issue of the Shortfall Options the subject of this Prospectus.

Silicon Vendors means semiconductor companies that sell microchips. There are two types of Silicon Vendors. Integrated Device Manufacturers - these design, manufacture and sell their chips. Fabless - these design and sell, but outsource the manufacturing process.

SPP Share means a Share subscribed for pursuant to the SPP on the terms and conditions set out in section 5 of this Prospectus.

SPP Share Offer means the non-renounceable offer and issue of the SPP Shares to Eligible Shareholders the subject of this Prospectus.

SPP Option means an option to acquire a Share on the terms and conditions set out in section 8.1 of this Prospectus.

SPP Option Offer means the non-renounceable issue of the SPP Options the subject of this Prospectus.

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SPP Shortfall means any Shares offered pursuant to the Share Purchase Plan which were not issued to Eligible Shareholders in accordance with the Share Purchase Plan.

Trading Day has the meaning given to that term in the Listing Rules;

Tranche 1A Offer means the offer to the Convertible Securities Holder of the Convertible Securities with a purchase price of up to \$1,800,000 and a face value of up to \$2,000,000.

Tranche 1B Offer means the offer to the Convertible Securities Holder of the Convertible Securities with a purchase price of up to \$1,200,000 and a face value of up to \$1,333,333.

Tranche 2 Offer means the offer to the Convertible Securities Holder of the Convertible Securities with a purchase price of up to \$3,000,000 and a face value of up to \$3,333,333.

Tranche 3 Offer means the offer to the Convertible Securities Holder of the Convertible Securities with a purchase price of up to \$3,000,000 and a face value of up to \$3,333,333.

US\$ means the lawful currency of the United States of America.

US Securities Act means the US Securities Act of 1933 as amended from time to time.

vertical market means a market in which vendors offer goods and services specific to an industry, trade, profession, or other group of customers with specialised needs.

VWAP means in relation to a Trading Day, the volume weighted average price of the Shares traded in the ordinary course of business on the ASX on that Trading Day, excluding crossings executed outside the open session state, special crossings, overseas trades and trades pursuant to exercise of options over Shares.

Corporate directory

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