

# PROSPECTUS

## NON-RENOUNCEABLE RIGHTS ISSUE

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Broo Limited  
ACN 060 793 099

### Entitlement Offer

For a non-renounceable entitlement issue of one (1) Share (**New Share**) for every five (5) Shares held by Eligible Shareholders registered at the Record Date at an issue price of \$0.018 (1.8 cents) per New Share, together with one (1) free-attaching Option exercisable at \$0.03 (3 cents) on or before 31 October 2022 (**New Options**) for every two (2) New Shares subscribed for and issued, to raise up to approximately \$2,809,225 before expenses (**Entitlement Offer**). Refer to section 5 for further details.

### Shortfall Offer and Shortfall Placement

This Prospectus includes an offer to Eligible Shareholders to subscribe for any Shortfall Securities (**Shortfall Offer**) and a further offer to investors to subscribe for any Shortfall Securities in respect of which valid applications have not been received under the Shortfall Offer (**Shortfall Placement**).

### Placement Options Offer

For the offer to each Placement Participant to subscribe for one (1) New Option at an issue price of nil for every two (2) Shares subscribed for and issued under the Placement (**Placement Options Offer**). Refer to section 6.1 for further details.

### Lead Manager Offer

For the offer to the Lead Manager (and/or its nominee) to subscribe for up to 20,000,000 New Options at an issue price of nil (**Lead Manager Offer**). Refer to section 6.2 for further details.

### IMPORTANT INFORMATION

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the New Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

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

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## 1. Corporate Directory

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### Directors

Mr. Kent Grogan (Chairman and Executive Director)  
Mr. Matthew Boyes (Non-Executive Director)  
Mr. Matthew Newberry (Non-Executive Director)

### Legal Advisors to the Company

Moray & Agnew Lawyers  
Level 6, 505 Little Collins Street,  
Melbourne VIC 3000, Australia

### Company Secretary

Mr Justyn Stedwell

### Auditor\*

George Georgiou FCA  
Connect Audit  
Level 11, 350 Collins Street,  
Melbourne VIC 3000, Australia

### Registered Address

20 Langtree Avenue  
Mildura Victoria 3502

### Lead Manager

61 Financial Information Technology Pty Ltd  
ACN 618 439 820  
Suite 19, 40 – 42 Montclair Avenue  
Glen Waverley VIC 3150, Australia

### Contact Details

Telephone: +61 3 5984 2222  
Facsimile: +61 3 5964 2122  
Email: [enquiries@broo.com.au](mailto:enquiries@broo.com.au)  
Webpage: [www.broo.com.au](http://www.broo.com.au)

### Share Registry\*

Computershare Investor Services Pty Ltd  
Yarra Falls, 452 Johnston Street  
Abbotsford VIC 3067, Australia

### ASX Code

BEE

*\*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.*

## 2. Indicative Timetable and Key Information

### 2.1 Indicative timetable for Entitlement Offer

| Event   | Date  |
|---|---|
| Announce Entitlement Offer and lodge Appendix 3B with ASX                         | Wednesday, 26 August 2020                       |
| Lodge Prospectus with ASIC and ASX  | Monday, 31 August 2020                          |
| “Ex” date   | Wednesday, 2 September 2020                     |
| <b>Record Date for determining Entitlements</b>                                   | <b>7pm (AEST) on Thursday, 3 September 2020</b> |
| Prospectus and personalised Application Forms dispatched to Eligible Shareholders | Tuesday, 8 September 2020                       |
| Last day to extend Offer Closing Date*  | Thursday, 17 September 2020                     |
| <b>Offer Closing Date*</b>  | <b>5pm (AEST) on Tuesday, 22 September 2020</b> |
| New Shares quoted on a deferred settlement basis*                                 | Wednesday, 23 September 2020                    |
| ASX notified of the result of Entitlement Offer *                                 | Friday, 26 September 2020                       |
| Issue date of New Securities and dispatch of holding statements*                  | Monday, 28 September 2020                       |
| Appendix 2A lodged with ASIC *  | Monday, 28 September 2020                       |
| Quotation of New Securities issued under the Entitlement Offer*                   | Tuesday, 29 September 2020                      |

*\*The Directors may extend the Offer Closing Date by giving at least 3 Business Days’ notice to ASX prior to the Offer Closing Date. As such, the date the New Securities under the Entitlement Offer are expected to commence trading on ASX may vary. The Directors also reserve the right not to proceed with the Entitlement Offer (or any part of it) at any time prior to allotment. In that event, any application money received will be returned without interest.*

### 2.2 Key details of Entitlement Offer

|  |  |
|--|--|
| <b>Entitlement</b>                               | One (1) New Share for every two (2) Shares held at 7pm (AEST) on the Record Date plus one (1) free-attaching New Option for every two (2) New Shares subscribed for and issued under the Entitlement Offer |
| <b>Offer Price</b>                               | \$0.018 per New Share  |
| <b>Maximum number of New Shares to be issued</b> | 156,068,102 New Shares   |
| <b>Maximum funds to be raised (before costs)</b> | \$2,809,225 (approximately)  |
| <b>Minimum Subscription</b>                      | Nil  |

### **3. Important Notes**

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This Prospectus is dated 31 August 2020. A copy of this Prospectus was lodged with ASIC on 31 August 2020. Neither ASIC, ASX nor their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

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

It is important that investors read this Prospectus carefully and in full and seek professional advice where necessary before deciding to subscribe for the Securities in the Company. The Securities the subject of this Prospectus should be considered highly speculative.

Applications for New Securities can only be made pursuant to the original Application Form attached to and forming part of this Prospectus.

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

#### **3.1 Electronic Prospectus**

In addition to issuing the Prospectus in printed form, a read-only version of the Prospectus is available on the Company's website at [www.broo.com.au](http://www.broo.com.au). Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus within Australia. The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered electronic version of this Prospectus.

#### **3.2 Offer Restrictions**

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

#### **3.3 Risk Factors**

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware of are set out in section 10 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 the Securities in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

### **3.4 Forward-Looking Statements**

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future invests and actions that, as at the Prospectus Date, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management. We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company does not intend to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law. These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in section 10.

### **3.5 Defined terms and abbreviations**

Terms and abbreviations used in this Prospectus are defined in section 13 of this Prospectus. All financial amounts shown in this Prospectus are expressed in Australian dollars unless otherwise stated.

### **3.6 Enquiries**

Any questions concerning the Offers should be directed to the Company Secretary, Mr Justyn Stedwell on +61 (3) 8395 5446.

### **3.7 Investment decisions**

The information contained in this Prospectus is not financial product advice and is not intended to be relied on as advice. The Offers contained in this Prospectus do not take into account the investment objectives, financial situation and particular needs of any Applicant. Before deciding to invest in the Company, potential investors should read the entire Prospectus and in particular the risk factors that could affect the future operations and activities of the Company and consult their professional advisers. An investment in the Securities should be considered speculative.

### **3.8 Disclaimer**

This Prospectus has been prepared by the Company. No party other than the Company has authorised or caused the issue of this Prospectus or takes responsibility for, or makes any statements, representations or undertakings in, this Prospectus.

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

No person named in this Prospectus guarantees the Company's performance or any return on investment made pursuant to this Prospectus. Any references to information on the Company's website are provided for convenience only. No document or other information included on the Company's website is incorporated by reference into this Prospectus.

#### 4. Letter to Shareholders

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Dear Shareholder,

On behalf of the Board of Broo Limited ACN 060 793 099 (**Company**), I am pleased to invite Eligible Shareholders to participate in a non-renounceable pro-rata 1-for-5 rights issue offer of Shares at an issue price of \$0.018 (1.8 cents) each, together with one (1) free-attaching New Option exercisable at \$0.03 (3 cents) on or before 31 October 2022 for every one (1) New Share subscribed for and issued, to raise a total of approximately \$2,809,225 (before expenses) (**Entitlement Offer**).

The Entitlement Offer will only be made to Eligible Shareholders registered as at 7.00 pm AEST on the Record Date who will be sent an Application Form, which will be accompanied by this Prospectus. Eligible Shareholders may accept their Entitlements under the Entitlement Offer by completing the Application Form in accordance with the instructions on the Application Form and as outlined in this Prospectus.

In addition to the Entitlement Offer, this Prospectus has been prepared in connection with the offer of the Placement Options to the Placement Participants, the offer of the Lead Manager Options to the Lead Manager (and/or its nominees) and any Shortfall Offer and Shortfall Placement that may arise due to a Shortfall. Please refer to sections 5.10 and 6 of this Prospectus.

Funds raised pursuant to the Entitlement Offer will be applied towards transaction costs associated the Offers, as well as for funding beer production orders under the CUB Agreement and working capital. For further details on the proposed use of funds, please refer to section 5.7 of this Prospectus.

This Prospectus also includes further details of the Offers, the effect of the Offers on the Company, and a statement of the risks associated with investing in the Company. This is an important document and should be read in its entirety. If you have any doubts or questions in relation to the Prospectus you should consult your professional advisors to evaluate whether or not to participate in the Offers.

On behalf of the Board, I encourage you to consider this investment opportunity and thank you for your ongoing support.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'K. Grogan', with a stylized flourish at the end.

Kent Grogan  
Executive Director

## 5. Details of the Entitlement Offer

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### 5.1 The Entitlement Offer

The Company is making a non-renounceable pro-rata offer of New Securities to Eligible Shareholders (**Entitlement Offer**).

Eligible Shareholders are entitled to apply for one (1) Share (**New Share**) for every five (5) Shares held on the Record Date at an issue price of \$0.018 (1.8 cents) together with one (1) free-attaching Option exercisable at \$0.03 (3 cents) on or before 31 October 2022 (**New Option**) for every one (1) Share subscribed for and issued. Fractional entitlements will be rounded up to the nearest whole number.

As at the Prospectus Date, the Company has on issue the following Securities:

- (a) 780,340,513 Shares;
- (b) 15,000,000 unlisted Options exercisable at \$0.02 and expiring on 8 January 2022; and
- (c) 10,000,000 unlisted Options exercisable at \$0.02 and expiring on 30 June 2022.

Based on the capital structure of the Company as at the Prospectus Date and assuming no other Shares will be issued (whether on the exercise of the Unlisted Options or not) on or prior to the Record Date, a maximum of 156,068,102 New Shares and 78,034,051 New Options will be issued pursuant to the Entitlement Offer, raising up to \$2,809,225 (before expenses). No funds will be raised from the issue of the New Options under the Entitlement Offer.

All of the New Shares offered under the Entitlement Offer will rank equally with the Shares on issue as at the Prospectus Date. Please refer to section 9.1 of this Prospectus for further information regarding the rights and liabilities attaching to Shares.

All of the New Options offered under the Entitlement Offer will be issued on the terms and conditions set out in section 9.2 of this Prospectus. All the Shares issued on exercise of the New Options will rank equally with the Shares on issue at the time of the exercise of the New Options.

The purpose of the Entitlement Offer and the intended use of funds raised are set out in section 5.7 of this Prospectus.

Information about how to accept your Entitlement and apply for New Securities is set out in section 7 of this Prospectus.

### 5.2 Non-Renounceable Offer

The Entitlement to the New Securities under the Entitlement Offer is non-renounceable. Accordingly, there will be no trading rights on the ASX (or any other exchange) and you may not dispose of your Entitlements to subscribe for New Securities under the Entitlement Offer to any other party.

If and to the extent that any Entitlement is not taken up by an Eligible Shareholder by the Offer Closing Date, the Entitlement Offer will lapse on that date, the Eligible Shareholder's interest in the Company may be diluted and the Eligible Shareholders will receive no benefit from the Company. Please refer to sections 8.4 and 8.5 of this Prospectus for details of the effect of the Entitlement Offer on the capital structure and control of the Company respectively.

### 5.3 Eligibility and Rights

The Entitlement Offer is made to Eligible Shareholders only.



All Shareholders with a registered address in Australia or New Zealand who are registered as the holder of Shares at 7.00 pm AEST on the Record Date are Eligible Shareholders. The Entitlement Offer is not extended to Shareholders who do not meet this criterion.

Holders of Options may participate in the Entitlement Offer if they exercise their Options and become the registered holders of Shares, with a registered address in Australia or New Zealand, at or before 7.00 pm AEST on the Record Date.

The number of New Securities to which an Eligible Shareholder is entitled is shown on each Eligible Shareholder's Application Form accompanying this Prospectus. Fractional Entitlements will be rounded up to the nearest whole number.

To apply for New Securities under the Entitlement Offer, an Eligible Shareholder must complete their Application Form and lodge it with payment of the relevant Application Monies by no later than 5.00 pm AEST on the Offer Closing Date. Please refer to section 5.9 for further information about applying for New Securities under the Entitlement Offer.

An Entitlement to participate in the Entitlement Offer will lapse if an Eligible Shareholder does not accept their Entitlements by the Offer Closing Date. In the event Eligible Shareholders do not take up their full Entitlement, any New Securities not applied for will form part of the Shortfall Offer as described in section 5.10.

The Company reserves the right (in its sole discretion) to:

- (a) reject any Application Form that it believes comes from a person who is not an Eligible Shareholder; and
- (b) reduce the number of New Securities allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders, if their claim to be entitled to participate in the Entitlement Offer proves to be false, exaggerated or unsubstantiated.

The Directors reserve the right not to proceed with the whole or any part of the Entitlement Offer at any time prior to the allotment of New Securities. In that event, relevant Application Monies will be refunded without interest.

#### **5.4 Offer Opening Date and Offer Closing Date**

The Entitlement Offer opens for acceptances on the Offer Opening Date and all acceptances and payments must be received by the Share Registry by the Offer Closing Date.

Subject to compliance with the ASX Listing Rules and the Corporations Act (as relevant), the Company reserves the right to close the Entitlement Offer early or to extend the Offer Closing Date.

The Directors may at any time decide to withdraw this Prospectus and/or the Entitlement Offer of New Securities made under this Prospectus in which case, the Company will return all Application Monies (without interest) within 28 days of giving such notice of withdrawal.

#### **5.5 Minimum Subscription**

There is no minimum subscription for the Entitlement Offer.

#### **5.6 Underwriting**

The Entitlement Offer is not underwritten.

#### **5.7 Purpose of the Entitlement Offer, Shortfall Offer and the Shortfall Placement and use of funds**

Under the Placement, the Company has successfully raised \$1,264,945.86 (before costs) to fund beer productions under the CUB Agreement and transaction costs associated with the Placement, as well as for work capital.

The purpose of the Entitlement Offer, Shortfall Offer and/or the Shortfall Placement is to raise up to approximately \$2,809,225 before expenses of the Entitlement Offer. No funds will be raised from the issue of the New Options.

The funds raised from the Entitlement Offer, Shortfall Offer and/or the Shortfall Placement are planned to be used in accordance with the table below<sup>1</sup>.

| <b>Funds<sup>1</sup></b>  | <b>\$</b>          | <b>%</b>    |
|---|--------------------|-------------|
| Funds raised under the Entitlement Offer, Shortfall Offer and/or the Shortfall Placement                  | \$2,809,225        | 100%        |
| <b>Total</b>  | <b>\$2,809,225</b> | <b>100%</b> |
| <b>Items of Expenditure</b>   | <b>\$</b>          | <b>%</b>    |
| Beer Productions under the CUB Agreement  | \$1,500,000        | 53.40%      |
| Working capital   | \$1,143,895        | 40.72%      |
| Payment of the outstanding Lead Manager Accrued Fees <sup>3</sup>   | \$45,000           | 1.60%       |
| Expenses of the Entitlement Offer, Shortfall Offer and/or the Shortfall Placement (excl GST) <sup>2</sup> | \$120,330          | 4.28%       |
| <b>Total</b>  | <b>\$2,809,225</b> | <b>100%</b> |

Notes:

- The above table is a statement of current intentions as at the Prospectus Date and assumes that the Entitlements are accepted in full. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied.*
- Please refer to section 11.10 for further details relating to the estimated expenses of the Entitlement Offer, Shortfall Offer and/or Shortfall Placement.*
- The Lead Manager is entitled to receive \$90,000 (excl GST) for past corporate advisory services provided to the Company that were unrelated to the Placement and Offers (referred herein as "Lead Manager Accrued Fee"). As at the Prospectus Date, \$45,000 (excl GST) of the Lead Manager Accrued Fee remains owing by the Company to the Lead Manager. Please refer to section 11.4 for further details relating to the fees and benefits payable to the Lead Manager under the Mandate.*

## **5.8 Lead Manager**

The Company has appointed 61 Financial Information Technology Pty Ltd as lead manager (**Lead Manager**) to the Offers and the Placement pursuant to the Mandate.

Refer to section 11.4(e) of this Prospectus for details of the services to be performed by the Lead Manager and the fees payable to the Lead Manager under the Mandate.

## **5.9 Rights and Liabilities of New Securities**

The New Shares offered under the Entitlement Offer and on the exercise of the New Options will be fully paid and will rank equally with existing Shares on issue.

Each New Option is exercisable at \$0.03 (3 cents) on or before 31 October 2022.

A summary of the rights and liabilities attaching to the New Shares and the New Options is set out in section 9 of this Prospectus.

## 5.10 Shortfall

Any New Securities under the Entitlement Offer that are not applied for will comprise the Shortfall Securities. The Offer to issue the Shortfall Securities, as described below, are separate Offer under this Prospectus.

### **Shortfall Offer**

Any Entitlement not taken up pursuant to the Entitlement Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Offer Closing Date. The issue price for each New Share to be issued under the Shortfall Offer shall be \$0.018 (1.8 cents), being the price at which New Shares are offered under the Entitlement Offer.

Eligible Shareholders who subscribe for their full Entitlement will also have the opportunity to apply for any New Share forming part of the Shortfall Offer at the same issue price of \$0.018 (1.8 cents) per Share, with one (1) free-attaching New Option exercisable at \$0.03 (3 cents) on or before 31 October 2022 for every two (2) New Shares subscribed for and issued under the Shortfall Offer (**Shortfall Securities**).

Eligible Shareholders wishing to subscribe for any Shortfall Securities (**Shortfall Securities Applicants**) must apply for the Shortfall Securities at the same time as they apply for New Securities offered under the Entitlement Offer by completing the appropriate section of their Shortfall Application Form. There is no limit on the number of Shortfall Securities that Shortfall Securities Applicants may apply for; however applications for Shortfall Securities will only be satisfied to the extent that there are Shortfall Securities available to Shortfall Securities Applicants under the Shortfall Offer.

There is no guarantee of the number of Shortfall Securities (if any) that will be available to Shortfall Securities Applicants and the allocation of those Shortfall Securities (if any) among the Shortfall Securities Applicants under the Shortfall Offer will be at the discretion of the Directors. In the event that there are no Shortfall Securities, the Application Monies relating to the Shortfall Securities offered under the Shortfall Offer will be returned to the Shortfall Securities Applicants, as soon as practicable following the Offer Closing Date without interest.

In the event that Applications from Shortfall Securities Applicants exceed the number of Shortfall Securities, those Applications will be scaled back in a manner determined by the Directors in their absolute discretion.

It is an express term of the Shortfall Offer that applicants for Shortfall Securities will be bound to accept a lesser number of Shortfall Securities allocated to them than applied for if so allocated.

Application Monies relating to the Shortfall Securities applied for by, but not allocated to, Eligible Shareholders under the Shortfall Offer will be returned to those Shortfall Securities Applicants as soon as practicable following the Offer Closing Date without interest.

Shortfall Securities will not be issued to any Shortfall Securities Applicants if, in the view of the Directors, to do so would increase that applicant's relevant interest in the voting Shares in the Company above 20% or otherwise result in a breach of the ASX Listing Rules, the Corporations Act or any other applicable law.

### **Shortfall Placement**

If any Shortfall Securities remain after the Offer Closing Date, the Directors reserve the right to place any Shortfall Securities not allocated under the Shortfall Offer on the same terms as those offered under the Entitlement Offer (**Shortfall Placement**) to any parties selected by the Directors within three months after the Offer Closing Date in accordance with the Corporations Act and the ASX Listing Rules. Shortfall Securities offered under the Shortfall Placement will be issued at a price not less than the issue price of the New Securities under the Entitlement Offer.

Shortfall Securities will not be issued to any applicant under the Shortfall Placement if, in the view of the Directors, to do so would increase that applicant's voting power in the Company above 20% or otherwise result in a breach of the ASX Listing Rules, the Corporations Act or any other applicable law.

#### **5.11 Ineligible Shareholders**

The Entitlement Offer, the Shortfall Offer and the Shortfall Placement do not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. In particular, the Entitlement Offer, the Shortfall Offer and the Shortfall Placement are not being made to Shareholders on the Record Date who have a registered address outside Australia and New Zealand (**Ineligible Shareholders**). Neither the Prospectus nor the Application Form constitutes an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

In making the decision to not extend the Entitlement Offer, the Shortfall Offer and/or the Shortfall Placement to Ineligible Shareholders, the Company has taken into account:

- (a) the small number of Shareholders outside Australia and New Zealand;
- (b) the number and value of Shares that would be offered to Shareholders outside Australia and New Zealand; and
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

The Company is not required to determine whether or not any registered Eligible Shareholder is holding Shares on behalf of persons who are resident outside Australia and New Zealand, (including nominees, custodians and trustees) or the identity or residence of any beneficial owners of Shares. Any Eligible Shareholders holding Shares on behalf of persons who are resident outside Australia and New Zealand are responsible for ensuring that any dealing with Securities issued under the Entitlement Offer, the Shortfall Offer and/or the Shortfall Placement do not breach the laws and regulations in the relevant overseas jurisdiction and should seek independent professional advice and observe any applicable restrictions relating to the taking up any Securities under any such Offer, the Entitlements or the distribution of this Prospectus or the Application Form.

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions.

#### ***New Zealand***

The New Securities offered under this Prospectus are not being offered to the public within New Zealand other than to Eligible Shareholders of the Company with registered addresses in New Zealand to whom the offer of the Securities is being made in reliance on the transitional provisions of the *Financial Markets Conduct Act 2013* (New Zealand) and the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand).

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

#### ***Custodians and Nominees***

Custodian and nominees may not distribute this Prospectus, and may not permit any beneficial shareholder to participate in the Entitlement Offer, the Shortfall Offer and/or Shortfall Placement, in any country outside Australia and New Zealand except, with the prior consent of the Company, to beneficial shareholders in certain other countries where the Company may determine it is lawful and practical to make the Offer.

**No Nominee**

No nominee has been appointed for Ineligible Shareholders under section 615 of the Corporations Act and the Company has not sought relief from the application of section 606 of the Corporations Act to the issue or acquisition of New Securities under the Entitlement Offer, the Shortfall Offer and/or the Shortfall Placement. As such, Eligible Shareholders will not be able to rely on the exception for rights issues in item 10 of section 611 of the Corporations Act.

Accordingly, when an Eligible Shareholder applies for some or all of its Entitlement, it must have regard to the takeovers prohibition in section 606 of the Corporations Act (that is, the 20% voting power threshold).

Any Eligible Shareholder who may be at risk of exceeding the restrictions on acquiring a relevant interest in voting Shares in the Company under section 606 of the Corporations Act as a result of applying for any New Securities under this Prospectus should seek professional advice before completing and returning an Application Form. The Company expressly disclaims any responsibility for ensuring that you do not breach section 606 of the Corporations Act as a result of applying for any Securities.

## **6. Details of the Placement Options Offer and the Lead Manager Offer**

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### **6.1 The Placement Options Offer**

#### **6.1.1 Description**

As announced on ASX on 26 August 2020, the Company has placed 70,274,770 Shares (**Placement Shares**) at the same issue price as the Entitlement Offer of \$0.018 (1.8 cents) per Share to a range of Qualified Investors on the same terms as the Entitlement Offer, being an issue price of \$0.018 (1.8 cents) per Share, together with one (1) free-attaching Options exercisable at \$0.03 (3 cents) on or before 31 October 2022 (**Placement Options**) for every two (2) Placement Shares subscribed for and issued (**Placement**).

The Placement Options offered under this Prospectus is being offered, pursuant to the terms of the Placement, to the Qualified Investors who had applied for and were subsequently issued the Placement Shares under the Placement (**Placement Participants**), on the basis of one (1) Placement Option for every two (2) Placement Shares subscribed for and issued under the Placement (**Placement Options Offer**).

#### **6.1.2 Terms and conditions**

The Placement Options Offer is subject to and conditional upon the Company obtaining Shareholder approval to the issue of the Placement Options pursuant to ASX Listing Rule 7.1. The Company intends to convene a General Meeting to consider a resolution seeking this approval.

Subject to Shareholder Approval being obtained in relation to the issue of the Placement Options, the Placement Options will be granted for no additional consideration, on the same terms and conditions as the New Options. No funds will be raised from the issue of the Placement Options.

The terms and conditions attaching to the Placement Options are set out in section 9.2 of this Prospectus.

#### **6.1.3 Purpose of the Placement Options Offer**

The Placement Options are being issued with disclosure under this Prospectus in order to:

- (a) remove any secondary sale restrictions that may attach to the Placement Options; and
- (b) ensure a disclosure exception is available for the issue of Shares on the exercise of the Placement Options and any on-sale of those Shares in the 12 months from the date of issue.

#### **6.1.4 Issue and Quotation of the Placement Options**

The Placement Options to be issued under the Placement Options Offer will be issued as soon as possible after the date of the General Meeting, subject to the Shareholder Approval being obtained.

The Company will apply for quotation of the Placement Options within 7 days of the Prospectus Date. The fact that ASX may grant Official Quotation to the Placement Options is not to be taken in any way as an indication of the merits of the Placement Options Offer or an interest in the Company.

The Company makes no guarantee that any such application for quotation will be successful. If the application for quotation is unsuccessful, the Placement Options will remain unlisted but otherwise will remain on the same terms and conditions, subject to Shareholder Approval being obtained.

### 6.1.5 Application for Placement Options

It is noted that the Placement Options Offer is a separate offer pursuant to this Prospectus and is being offered to the Placement Participants only.

The Placement Participants may accept the Placement Options Offer by completing the Placement Options Application Form accompanying this Prospectus. It is noted that only the Placement Participants will receive a Placement Options Application Form to accept Placement Options Offer.

The Placement Options Offer will close at the same time as the Entitlement Offer unless the Directors in their absolute discretion otherwise determine.

### 6.1.6 No minimum subscription

The Placement Options Offer is not subject to any minimum subscription condition or requirement.

### 6.1.7 No underwriting

The Placement Options Offer is not underwritten.

## 6.2 Lead Manager Offer

### 6.2.1 Description

Under the Mandate, the Company has agreed to offer to issue to the Lead Manager (and/or its nominees):

- (a) 5,000,000 New Options conditional on successful completion of the Placement; and
- (b) 15,000,000 New Options conditional on successful completion of the Entitlement Offer (including in particular, the placement of the Shortfall Securities under the Shortfall Placement by the Lead Manager),

(collectively “**Lead Manager Options**”), subject to the Company obtaining the Shareholder approval to their issuance pursuant to ASX Listing Rule 7.1 (if required) (**Lead Manager Offer**).

### 6.2.2 Terms and conditions

The Lead Manager Offer is subject to and conditional upon the Company obtaining Shareholder approval to the issue of the Lead Manager Options pursuant to ASX Listing Rule 7.1 (if required). The Company does not currently have the placement capacity to issue the Lead Manager Options without Shareholder approval under ASX Listing Rule 7.1. Accordingly, the Company intends to convene a General Meeting to consider a resolution seeking this approval.

Additionally, the issue of the 15,000,000 Lead Manager Options referred to in section 6.2.1(b) above (**T2 Lead Manager Options**) is subject to and conditional on successful completion of the Entitlement Offer (including in particular, the placement of the Shortfall Securities under the Shortfall Placement by the Lead Manager) (**T2 Lead Manager Options Condition**).

Subject to:

- (a) Shareholders approving the issue of the Lead Manager Options (if required); and
- (b) in case of the T2 Lead Manager Options, also the T2 Lead Manager Options Condition being met,

the Lead Manager Options will be granted for no additional consideration, on the same terms and conditions as the New Options. No funds will be raised from the issue of the Lead Manager Options.

It is noted that if the Company does not either obtain Shareholder Approval to the issue of the Lead Manager Options, or does not have the necessary placement capacity to issue the Lead Manager Options under ASX Listing Rule 7.1 within 3 months from the date of the Mandate, the Lead Manager may, at its election, at any time prior to the issue of the Lead Manager Options, require the Company to pay it a cash fee of \$100,000 (excl GST) in lieu of the Lead Manager Options.

The terms and conditions attaching to the Lead Manager Options are set out in section 9.2 of this Prospectus.

### **6.2.3 Purpose of the Lead Manager Offer**

The Lead Manager Options are being issued with disclosure under this Prospectus in order to:

- (a) remove any secondary sale restrictions that may attach to the Lead Manager Options; and
- (b) ensure a disclosure exception is available for the issue of Shares on the exercise of the Lead Manager Options and any on-sale of those Shares in the 12 months from the date of issue.

### **6.2.4 Issue and Quotation of the Lead Manager Options**

The Lead Manager Options to be issued under the Lead Manager Offer will be issued as soon as possible after the date of the General Meeting, subject to the Shareholder Approval being obtained (if required) and, in case of the T2 Lead Manager Options, subject also to the T2 Lead Manager Options Condition being met.

The Company will apply for quotation of the Lead Manager Options within 7 days of the Prospectus Date. The fact that ASX may grant Official Quotation to Lead Manager Options is not to be taken in any way as an indication of the merits of the Lead Manager Offer or an interest in the Company.

The Company makes no guarantee that any such application for quotation will be successful. If the application for quotation is unsuccessful, the Lead Manager Options will remain unlisted but otherwise will remain on the same terms and conditions, subject to Shareholder Approval being obtained (if required) and, in case of the T2 Lead Manager Options, also the T2 Lead Manager Options Condition being met.

### **6.2.5 Application for Lead Manager Options**

It is noted that the Lead Manager Offer is a separate offer pursuant to this Prospectus and is being made to the Lead Manager (and/or its nominees) only.

The Lead Manager (and/or its nominees) may accept the Lead Manager Offer by completing the Lead Manager Offer Application Form accompanying this Prospectus. Only the Lead Manager (and/or its nominees) will receive a Lead Manager Offer Application Form to accept Lead Manager Offer.

The Lead Manager Offer will close at the same time as the Entitlement Offer unless the Directors in their absolute discretion otherwise determine.



**6.2.6 No minimum subscription**

The Lead Manager Offer is not subject to any minimum subscription condition or requirement.

**6.2.7 No underwriting**

The Lead Manager Offer is not underwritten.

## 7. Application for New Securities under the Entitlement Offer and Shortfall Offer

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### 7.1 Acceptance of Entitlement Offer – Eligible Shareholders only

Your acceptance of the Entitlement Offer must be made on the Application Form accompanying this Prospectus. Other than as set out in paragraph (c) below, your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Entitlement Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
  - (i) complete the Application Form; and
  - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency or arrange payment by BPAY®, for the amount indicated on the Application Form; or
- (b) if you only wish to accept **part** of your Entitlement:
  - (i) fill in the number of New Securities you wish to accept in the space provided on the Application Form; and
  - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency or arrange payment by BPAY®, for the appropriate application monies (at \$0.018 per New Share); or
- (c) if you wish to apply for your **full** Entitlement in full **and** apply for additional New Securities (which will be issued at the sole discretion of the Company, scaled back to the extent required and not issued to the extent that any Applicant will increase their relevant interest in the issued Shares in the Company to an amount in excess of 20% of all the Shares on issue on completion of the Offer):
  - (i) complete the Application Form, filling in the details in the spaces provided;
  - (ii) fill in the number of Securities you wish to apply for over and above your Entitlement in the space provided on the Application Form; and
  - (iii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency or arrange payment by BPAY®, for the appropriate application monies (at \$0.018 per Share); or
- (d) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

### 7.2 Lodging Application Form – payment by cheque or bank draft

Other than Eligible Shareholders making payment by BPAY®, completed Application Forms together with cheques or bank drafts for the Application Monies must be mailed or delivered to:

***By hand delivery:***

Broo Limited – Rights Issue  
C/- Computershare Investor Services Pty Ltd  
Yarra Falls, 452 Johnston Street  
Abbotsford VIC 3067, Australia

***By post:***

Broo Limited – Rights Issue  
C/- Computershare Investor Services Pty Ltd  
GPO Box 505  
Melbourne Victoria 3001 3067, Australia

All cheques must be drawn on an Australian bank cheque or bank draft made payable in Australian currency to “**BROO Limited**” and crossed “**Not Negotiable**”.

The Application Forms do not need to be signed to be binding. If an Application Form is not completed correctly it may still be treated as valid. The Directors’ decision as to whether to treat the Application Form as valid and how to construe, amend or complete the Application Form is final.

Your completed Application Form and cheque must reach the Share Registry no later than 5.00 pm AEST on the Offer Closing Date.

### **7.3 Applications by Eligible Shareholders – payment by BPAY®**

For Eligible Shareholders wishing to make payment by BPAY®, payment should be made according to the instructions set out on the Application Form using the BPAY® Biller Code and Customer Reference Number shown therein. Payments via BPAY® can only be made by a holder of an account with an Australian financial institution that supports BPAY® transactions.

The reference number shown on each Application Form (**Reference Number**) is used to identify an Eligible Shareholder’s holding. For Eligible Shareholders who have multiple holdings, they will have multiple Reference Numbers. They must use the Reference Number to pay for each holding separately. Failure to do so may result in an underpayment. If payment is made by BPAY® for less than an Eligible Shareholder’s full Entitlements, the remaining Entitlements will form part of the Shortfall.

Please note that should you pay by BPAY®:

- (a) you do not need to submit the Application Form but are taken to have made the declarations on that Application Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of New Securities which is covered in full by your Application Monies.

**It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5.00 pm AEST on the Offer Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.**

Any Application Monies received for more than your final allocation of New Securities (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any Application Monies received or refunded.

### **7.4 Issue of Securities and ASX quotation of Securities**

The New Securities issued under the Entitlement Offer are expected to be issued and holding statements despatched as soon as practicable after the Offer Closing Date, in accordance with the ASX Listing Rules and the timetable set out in section 2 of this Prospectus.

Shortfall Securities to be issued under the Shortfall Offer and/or Shortfall Placement will be issued on a progressive basis.

No issue of New Shares offered under the Entitlement Offer, the Shortfall Offer and/or the Shortfall Placement will be made until the ASX grants Official Quotation for the relevant New Shares.

Application for Official Quotation of the New Shares offered pursuant to this Prospectus will be made within seven (7) days from the date of this Prospectus. The fact that ASX may grant Official Quotation to such New Shares is not to be taken in any way as an indication of the merits of the Offer or an interest in the Company.

If the ASX does not grant Official Quotation of the New Shares offered pursuant to this Prospectus within three (3) months after the Prospectus Date (or such period as varied by ASIC), the New Shares will not be allotted and Application Monies will be refunded (without interest) within the time prescribed under the Corporations Act.

The Company will also apply for Official Quotation of the New Options offered under this Prospectus within seven (7) days from the date of this Prospectus. The New Options will therefore form a quoted class of Securities subject to ASX granting Official Quotation of the New Options upon application by the Company. Any such application for quotation will be subject to the satisfaction of the ASX requirements for quotation and the Company makes no guarantee that any such application for quotation will be successful. If the application for Official Quotation of the New Options is unsuccessful, the New Options issued under this Prospectus will remain unlisted but otherwise will remain on the same terms and conditions.

It is an Applicant's responsibility to determine their holdings before trading in Securities. Any person who sells Securities before receiving confirmation of their holding will do so at their own risk.

The Directors reserve the right not to proceed with the whole or any part of the Offers (or either of them) at any time before the allotment of Securities. In that event, relevant Application Monies will be refunded without interest.

## **7.5 Holding of Application Monies**

All Application Monies will be held in a trust account until the New Securities are issued, or refunded in accordance with this Prospectus.

The trust account established by the Company for this purpose will be solely used for handling Application Monies.

Any interest earned on the Application Monies will be for the benefit of, and will remain the sole property of, the Company and will be retained by the Company whether or not the issue of New Securities takes place.

Applications and Application Monies may not be withdrawn once they have been received by the Company.

Holding statements for New Securities issued under the Offers will be mailed in accordance with the ASX Listing Rules and the timetable set out in section 2 of this Prospectus (where applicable).

## **7.6 Discretions**

Without limiting the other powers and discretions set out in this Prospectus, the Directors (or their delegate for this purpose) may implement the Offers in the manner they think fit and settle any difficulty, anomaly or dispute which may arise either generally or in a particular case in connection with, or by reason of, the operation of the Offers or a matter in this Prospectus, as they think fit, whether generally or in relation to any Shareholder, any Shares or Options, and the determination of the Directors (or their delegate) is conclusive and binding on all relevant Shareholders and other persons to whom the determination relates.

## **7.7 Brokerage**

Investors will not pay brokerage as a subscriber for New Securities under an Offer.

## **7.8 Enquiries**

Any questions concerning the Offers should be directed to the Company Secretary, Mr Justyn Stedwell on +61 (3) 8395 5446.

## **8. Effect of the Offers**

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### **8.1 Effect of the Entitlement Offer on the financial position of the Company**

The principal effect of the Entitlement Offer following completion of the Entitlement Offer but prior to the General Meeting, assuming all Entitlements are accepted and issued and no other Shares and Options are issued between the Prospectus Date and immediately prior to the completion of the Entitlement Offer (whether on the exercise of Options or otherwise), will be to:

- (a) increase the cash reserves and issued paid up capital by up to approximately \$2,809,225 immediately after completion of the Entitlement Offer (prior to deducting the estimated expenses of the Entitlement Offer);
- (b) increase the total number of Shares on issue from 780,340,513 Shares as at the Prospectus Date to up to 936,408,615 Shares following completion of the Entitlement Offer; and
- (c) create 78,034,051 New Options following completion of the Entitlement Offer, in addition to the Unlisted Options on issue as at the Prospectus Date.

### **8.2 Effect of the Placement Options Offer and the Lead Manager Offer on the financial position of the Company**

The principal effect of the Placement Options Offer and the Lead Manager Offer, assuming all Entitlements are accepted and issued, and no other Shares and Options are issued between the Prospectus Date and the date of the General Meeting (whether on the exercise of Options or otherwise) and the Shareholder Approvals to the issuance of the Placement Options and the Lead Manager Options are obtained at the General Meeting, will be to increase the number of New Options on issue from 78,034,051 as at completion of the Entitlement Offer to 133,171,436 New Options immediately after the date of the General Meeting, in addition to the Unlisted Options on issue as at the Prospectus Date.

As no monies will be received or payable by the Placement Participants and the Lead Manager (and/or its nominees) under the Placement Options Offer and the Lead Manager Offer respectively, the Placement Options Offer and the Lead Manager Offer shall not affect the cash reserves and issued paid up capital of the Company.

### **8.3 Pro-Forma Balance Sheet**

The unaudited balance sheet as at 30 June 2020 and the unaudited pro-forma balance sheet as at 30 June 2020 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The unaudited pro-forma balance sheet has been prepared assuming all Entitlements are accepted, the Shareholder Approvals are obtained to the issue of the Placement Options and the Lead Manager Options and no other Securities are issued (whether on the exercise of Options or otherwise) prior to the Record Date and including estimated expenses of the Placement and estimated cash expenses of the Offers (refer to section 11.10 of this Prospectus).

The unaudited pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial statements.

|   | Unaudited 30<br>June 2020 | Impact of<br>Placement | Impact of Rights<br>Issue | Pro Forma after<br>adjustments to<br>unaudited 30<br>June 2020 |
|---|---------------------------|------------------------|---------------------------|--|
| <b>Assets</b>   |                           |                        |                           |  |
| <b>Current assets</b>                                 |                           |                        |                           |  |
| Cash and cash equivalents                             | 62,675                    | 1,163,749              | 2,817,186                 | 4,043,610  |
| Trade and other receivables                           | 189,760                   | -                      | -                         | 189,760  |
| Inventories   | 77,332                    | -                      | -                         | 77,332   |
| Other   | 173,974                   | -                      | -                         | 173,974  |
|   | 503,741                   | 1,163,749              | 2,817,186                 | 4,484,676  |
| Assets of disposal groups classified as held for sale | 60,000                    |                        |                           | 60,000   |
| <b>Total current assets</b>                           | <b>563,741</b>            | <b>1,163,749</b>       | <b>2,817,186</b>          | <b>4,544,676</b>   |
| <b>Non-current assets</b>                             |                           |                        |                           |  |
| Property, plant and equipment                         | 4,130,229                 | -                      | -                         | 4,130,229  |
| Right-of-use assets                                   | 2,696,277                 | -                      | -                         | 2,696,277  |
| Intangibles   | 216,380                   | -                      | -                         | 216,380  |
| Other   | 22,000                    | -                      | -                         | 22,000   |
| Total non-current assets                              | <b>7,064,886</b>          | <b>-</b>               | <b>-</b>                  | <b>7,064,886</b>   |
| <b>Total assets</b>                                   | <b>7,628,627</b>          | <b>1,163,749</b>       | <b>2,817,186</b>          | <b>11,609,562</b>  |
| <b>Liabilities</b>                                    |                           |                        |                           |  |
| <b>Current liabilities</b>                            |                           |                        |                           |  |
| Trade and other payables                              | 2,628,129                 | -                      | -                         | 2,628,129  |
| Borrowings  | 2,208,094                 | -                      | -                         | 2,208,094  |
| Lease liabilities                                     | 320,276                   | -                      | -                         | 320,276  |
| Employee benefits                                     | 84,644                    | -                      | -                         | 84,644   |
| Total current liabilities                             | <b>5,241,143</b>          | <b>-</b>               | <b>-</b>                  | <b>5,241,143</b>   |
| <b>Non-current liabilities</b>                        |                           |                        |                           |  |
| Borrowings  | 1,340,443                 | -                      | -                         | 1,340,443  |
| Lease liabilities                                     | 2,422,358                 | -                      | -                         | 2,422,358  |
| Employee benefits                                     | 66,939                    | -                      | -                         | 66,939   |
| Total non-current liabilities                         | <b>3,829,740</b>          | <b>-</b>               | <b>-</b>                  | <b>3,829,740</b>   |
| <b>Total liabilities</b>                              | <b>9,070,883</b>          | <b>-</b>               | <b>-</b>                  | <b>9,070,883</b>   |

|                                  |          |                  |                  |                  |                  |
|----------------------------------|----------|------------------|------------------|------------------|------------------|
| <b>Net assets/(liabilities)</b>  | <b>-</b> | <b>1,442,256</b> | <b>1,163,749</b> | <b>2,817,186</b> | <b>2,538,679</b> |
| <b>Equity</b>                    |          |                  |                  |                  |                  |
| Issued capital                   |          | 19,186,125       | 1,163,749        | 2,817,186        | 23,167,060       |
| Reserves                         |          | 6,034            | -                | -                | 6,034            |
| Accumulated losses               | -        | 20,634,415       | -                | -                | 20,634,415       |
| <b>Total equity/(deficiency)</b> | <b>-</b> | <b>1,442,256</b> | <b>1,163,749</b> | <b>2,817,186</b> | <b>2,538,679</b> |

#### 8.4 Effect of Offers on capital structure

The effect of the Offers on the capital structure of the Company, assuming all Entitlements are accepted, the Shareholder Approvals to the issuance of the Placement Options and the Lead Manager Options are obtained at the General Meeting are met and no other Securities (other than the New Securities, Placement Options and the Lead Manager Options) are issued (whether on the exercise of the Options or otherwise) prior to the General Meeting, is set out below.

##### (a) Shares

| <b>Shares</b>   | <b>Amount</b>                  |
|---|--------------------------------|
| Shares on issue as at the Prospectus Date                             | 780,340,513 <sup>1</sup>       |
| New Shares offered pursuant to the Entitlement Offer                  | 156,068,102 <sup>2</sup>       |
| <b>Total Shares on issue upon completion of the Entitlement Offer</b> | <b>936,408,615<sup>3</sup></b> |

Notes:

1. This includes the Placement Shares issued under the Placement as announced on 26 August 2020.
2. This number may vary due to rounding of Entitlements and may increase as a result of the rounding up of New Shares offered under the Entitlement Offer. It is assumed that the Company will be issuing New Shares under the Entitlement to the maximum extent.
3. It is assumed that no Options and other Securities (other than the New Shares under the Entitlement Offer) will be exercised or issued prior to completion of the Entitlement Offer. In this regard, the Company does not currently intend to issue any other Securities except for the New Securities offered under this Prospectus.

##### (b) Options

| <b>Options</b>  | <b>Amount</b>           |
|---|-------------------------|
| <b>Options on issue as at the Prospectus Date</b>                                   |                         |
| Unlisted Options exercisable at \$0.02 on or before 8 January 2022 <sup>1</sup>     | 15,000,000              |
| Unlisted Options exercisable at \$0.02 on or before 30 June 2022 <sup>1&amp;6</sup> | 10,000,000              |
| <b>Total Options on issue as at the Prospectus Date</b>                             | <b>25,000,000</b>       |
| <b>Options to be issued</b>   |                         |
| New Options offered pursuant to the Entitlement Offer                               | 78,034,051 <sup>2</sup> |

|  |                                |
|--|--------------------------------|
| Placement Options pursuant to the Placement Options Offer                  | 35,137,385 <sup>3</sup>        |
| Lead Manager Options pursuant to the Lead Manager Offer <sup>4&amp;6</sup> | 20,000,000 <sup>4</sup>        |
| <b>Total Options on issue upon completion of the Offers</b>                | <b>133,171,436<sup>5</sup></b> |

Notes:

1. *These Options are not quoted and will remain unquoted after completion of the Offers.*
2. *This number may vary due to rounding of Entitlements and may increase as a result of the rounding up of New Shares offered under the Entitlement Offer. The Company will apply to ASX for the quotation of the New Options on the official list of ASX subject to the requirements provided in, and in accordance with, ASX Listing Rules. If quotation of the New Options are not granted by ASX, the New Options issued pursuant to the Entitlement Offer, the Shortfall Off and/or the Shortfall Placement will remain unlisted.*
3. *As noted in sections 6.1 and 11.4 of this Prospectus, the Company has offered to issue up to 35,137,385 Placement Options to the Placement Participants subject to Shareholder Approval being obtained. For the purpose of this table, it is assumed that Shareholder Approval will be granted in connection with the issue of the Placement Options. The Company will apply to ASX for the quotation of the Placement Options on the official list of ASX subject to the requirements provided in, and in accordance with, ASX Listing Rules. If such application is granted by the ASX, these Options will be quoted on the ASX. If quotation of the Placement Options are not granted by ASX, the Placement Options issued pursuant to the Placement Options Offer will remain unlisted.*
4. *As noted in sections 6.2 and 11.4 of this Prospectus, the Company has agreed to issue up to 20,000,000 Lead Manager Options to the Lead Manager (and/or its nominees) subject to the Shareholder Approval being obtained (if required), and in case of the T2 Lead Manager Options, also the T2 Lead Manager Options Condition being met. For the purpose of this table, it is assumed that the Shareholder Approval will be obtained and the T2 Lead Manager Options Condition will be met. The Company will apply to ASX for the quotation of the Lead Manager Options on the official list of ASX subject to the requirements provided in, and in accordance with, ASX Listing Rules. If such application is granted by the ASX, these Options will be quoted on the ASX. If quotation of the Lead Manager Options are not granted by ASX, the Lead Manager Options issued pursuant to the Lead Manager Offer will remain unlisted.*
5. *It is assumed that the Unlisted Options will not be exercised prior to the General Meeting and no other Options will be issued prior to the General Meeting.*
6. *The 10,000,000 Unlisted Options (exercisable at \$0.02 each on or before 30 June 2022) are held by the Lead Manager as at the Prospectus Date. Subject to Shareholder Approval being obtained in relation to the issue of the Lead Manager Options at the General Meeting (if required) and assuming that the entire Lead Manager Options will be issued to the Lead Manager, the Lead Manager will hold a total of 30,000,000 Options (comprising of 10,000,000 Unlisted Options (exercisable at \$0.02 each on or before 30 June 2022) and 20,000,000 Lead Manager Options) after the General Meeting.*

## 8.5 Effect of Offers on control of the Company

The potential effect that the issue of New Shares under the Offers will have on the control of the Company, and the consequences of that effect, will depend on a number of factors including the level of Eligible Shareholders' participation in the Entitlement Offer, which Eligible Shareholders participate, the extent of any Shortfall Securities, which Eligible Shareholders apply and are issued Shortfall Securities.

If Eligible Shareholders take up their Entitlement under the Entitlement Offer in full, Eligible Shareholders will not be diluted (subject to treatment of fractional entitlements). If Eligible Shareholders do not exercise their Entitlement under the Entitlement Offer, or only exercise part of their Entitlement, they may be diluted.

Ineligible Shareholders will have their holdings diluted by the Entitlement Offer. The extent of any dilution will depend on the level of participation in the Entitlement Offer.

It is not possible for the Directors to predict the final level of participation and Shortfall under the Entitlement Offer, or the identity of Eligible Shareholders who will subscribe for their Entitlement. The Directors are also unable to state with certainty the identity of any prospective subscribers under the Shortfall, or the total number of Shortfall Securities which will or can be placed.



The potential effect of the Entitlement Offer on the control of the Company is as follows:

- (a) If all Eligible Shareholders take up their full Entitlement, there would be no significant effect on the control of the Company, as the Entitlement Offer is made pro-rata and in that case no Entitlements would lapse or revert to the Shortfall.
- (b) If Eligible Shareholders do not take up their full Entitlements under the Entitlement Offer, then the interests of those Eligible Shareholders will be diluted.
- (c) The proportional interests of Ineligible Shareholders will be diluted because those Ineligible Shareholders are not entitled to participate in the Entitlement Offer.

Given no nominee has been appointed for Ineligible Shareholders under section 615 of the Corporations Act, Eligible Shareholders will not be able to rely on the exception for right issues in item 10 of section 611 of the Corporations Act. Accordingly, when an Eligible Shareholder applies for some or all of its Entitlements, it must have regard to the takeovers prohibition in section 606 of the Corporations Act (that is, the 20% voting power threshold).

Any Shortfall Securities will be issued on the basis that no person will be issued Shortfall Securities if such issue will result in their voting power in the Company increasing beyond that allowed by the takeovers prohibition in section 606 of the Corporations Act.

For illustrative purposes, the below table\* shows the change in percentage ownership of all Shares on issue if an Eligible Shareholder with the number of Shares in the left column does not accept all its Entitlements but all other Eligible Shareholders take up their Entitlements and the Shortfall is fully subscribed.

| Eligible Shareholder | Record Date |       | Entitlements | Completion of Offer |       |
|----------------------|-------------|-------|--------------|---------------------|-------|
|                      | Shares      | %     |              | Shares              | %     |
| Shareholder 1        | 500,000     | 0.06% | 100,000      | 500,000             | 0.05% |
| Shareholder 2        | 1,000,000   | 0.13% | 200,000      | 1,000,000           | 0.11% |
| Shareholder 3        | 5,000,000   | 0.64% | 1,000,000    | 5,000,000           | 0.53% |
| Shareholder 4        | 10,000,000  | 1.28% | 2,000,000    | 10,000,000          | 1.07% |
| Shareholder 5        | 50,000,000  | 6.41% | 10,000,000   | 50,000,000          | 5.34% |

\*Notes:

- The table assumes that if an Eligible Shareholder with the number of Shares in the left column does not accept all or any of its Entitlements but all other Eligible Shareholders take up their Entitlements and the Shortfall is fully subscribed.
- The table assumes that no other Shares will be issued (whether on the exercise of Options or otherwise) prior to the completion of the Entitlement Offer and the Shortfall.
- The dilutionary effect shown in the table above is the maximum percentage on the assumption that those Entitlements which are not accepted are fully subscribed through the issue of Shortfall Securities under the Shortfall Offer and the Shortfall Placement. In the event all Entitlements are not accepted and some or all of the resulting Shortfall Securities are not subsequently subscribed for or placed through the Shortfall Offer or the Shortfall Placement, the dilutionary impact for each Eligible Shareholder not accepting their Entitlement would be a lesser percentage.

A substantial number of New Options, Placement Options and the Lead Manager Options may be issued pursuant to this Prospectus. While the initial issue of the New Options, the Placement Options and the Lead Manager Options will not dilute the present interests of existing Shareholders, if holders of the New Options, the Placement Options and/or the Lead Manager Options subsequently choose to exercise the New Options, the Placement Options and/or the Lead Manager Options issued to them, this may affect the overall holding of existing Shareholders.

The substantial holders of the Company are listed below in section 8.6 of this Prospectus. As these holders are eligible to receive New Shares with free-attaching New Options, it may affect their overall percentage shareholding (and hence, voting power) in the Company. The final percentage interests held by Shareholders of the Company is entirely dependent upon the extent to which the Eligible Shareholders participate in the Offers and subsequently exercise the New Options issued pursuant to the Offers.

## 8.6 Details of substantial holders

Based on publicly available information as at the Prospectus Date, those persons, which (together with their Associates) have a relevant interest (as defined in the Corporations Act) in 5% or more of the Shares on issue are set out in the table below.

| Substantial Shareholder                              | Shares                   | Voting Power <sup>1</sup> | Entitlement             | Amount <sup>2</sup>      |
|--|--------------------------|---------------------------|-------------------------|--------------------------|
| Groges Holdings Pty Ltd and Kent Grogan <sup>3</sup> | 302,175,000 <sup>4</sup> | 38.72% <sup>4</sup>       | 60,435,000 <sup>5</sup> | \$1,087,830 <sup>5</sup> |
| DE Graaff Holdings Pty Ltd                           | 50,753,140               | 6.50%                     | 10,150,628              | \$182,711.30             |
| GEM Syndication Pty Ltd <sup>7</sup>                 | 60,000,000 <sup>7</sup>  | 7.69%                     | 12,000,000              | \$216,000.00             |

Notes:

1. Rounded to the nearest decimal place.
2. This represents voting power calculated as at the Prospectus.
3. Groges Holdings Pty Ltd and Kent Grogan are Associates of one another.
4. These Shares and percentage of voting power comprise of 301,175,000 Shares registered in the name of Groges Holdings Pty Ltd (representing 38.60% of the total voting power) and 1,000,000 Shares registered in the name of Kent Grogan (representing 0.13% of the total voting power).
5. Of these Entitlements, Groges Holdings Pty Ltd will be entitled to subscribe for up to 60,235,000 New Shares under the Entitlement Offer and Kent Grogan will be entitled to subscribe for up to 200,000 New Shares under the Entitlement Offer.
6. This is based on the issue price of \$0.018 (1.8 cents) under the Entitlement Offer.
7. GEM Syndication Pty Ltd is the registered holder of 20,000,000 Shares (representing 2.56% of the total voting power) and holds an indirect relevant interest in 40,000,000 Shares held by other registered Shareholders (which represent 5.13% of the total voting power).

In the event all Entitlements are accepted there will be no change to the identity of the substantial holders on completion of the Entitlement Offer.

## **9. Rights and Liabilities attaching to Securities**

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### **9.1 Rights Attaching to Shares**

The following is a summary of the more significant rights attaching to the Shares (being the underlying securities). This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. If Applicants require more detailed advice regarding the rights and liabilities of Shareholders, they should seek independent legal advice.

Full details of the rights 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 all general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act or the ASX Listing Rules.

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

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

#### **(b) Voting rights**

Subject to any rights or restrictions for the time being attached to Shares, at general meetings of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder will, in respect of each fully paid Share held by that Shareholder, or in respect of which that Shareholder is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

#### **(c) Dividend rights**

Subject to the Corporations Act, the Directors may from time to time declare such dividends as appear to the Directors to be justified by the profits of the Company.

Subject to the rights of persons entitled to securities with special rights as to dividends, all dividends are paid in the proportion that the amounts paid on those Shares bear to the issue price of the Shares.

#### **(d) Winding up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as the liquidator considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of security holders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

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

(f) **Transfer of Shares**

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

(g) **Future increase in capital**

The issue of any Shares is under the control of the Directors. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of security holders or with the written consent of the majority of security holders in the affected class, vary or abrogate the rights attaching to the securities (including Shares).

(i) **Alteration of Constitution**

The Constitution can only be amended by a special resolution passed by at least 75% of Shareholders present (in person, by proxy, attorney or representative) and voting at the general meeting.

## **9.2 Rights and liabilities attaching to New Options**

(a) **Application**

It is noted that the rights and liabilities set forth in this section 10.2 apply to all New Options issued under this Prospectus, including, Placement Options and the Lead Manager Options.

(b) **Entitlement**

Subject to paragraph (o), each New Option entitled the holder to subscribe for one (1) Share upon exercise of the New Option.

(c) **Exercise Price**

Subject to paragraph (k), the amount payable upon exercise of each New Option will be \$0.03 (**Exercise Price**).

(d) **Expiry Date**

New Option will expire at 5.00 pm AEST on 31 October 2022 (**Expiry Date**). New Options not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(e) **Exercise Period**

The New Options are exercisable at any time on or prior to 5.00 pm AEST on the Expiry Date (**Exercise Period**).

(f) **Notice of Exercise**

The New Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the New Option Certificate (**Notice of Exercise**) and payment of the Exercise Price for each New Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(g) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each New Option being exercised in cleared funds (**Exercise Date**).

(h) **Timing of issue of Shares in exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the Official List of the ASX at the time, apply for Official Quotation of Shares issued pursuant to the exercise of the New Options.

If a notice delivered under paragraph (h)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(i) **Shares issued on exercise**

Shares issued in exercise of the New Options rank equally with the then issued Shares of the Company.

(j) **Quotation of Shares issued on exercise**

If the Company is admitted to the Official List at the relevant time, application will be made by the Company to ASX for Official Quotation of the Shares issued upon the exercise of the New Options.

(k) **Reconstruction of capital**

If at any time, the issued capital of the Company is reconstructed, all rights of a New Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(l) **Participation in new issues**

There are no participation rights or entitlements inherent in the New Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options without exercising the New Options.

(m) **Change in Exercise Price**

The New Options do not confer the right to a change in the Exercise Price or a change in the number of underlying securities over which the New Options can be exercised.

(n) **Transferability**

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

(o) **Bonus Issues**

If prior to the Expiry Date, the Company makes a bonus issue of Shares to Shareholders, then the holders of New Options, upon the exercise of such Options, would be entitled to have issued to them, in addition to Shares which would otherwise be issued to them upon the exercise of the New Options, the Shares which would have been issued under that bonus issue (**Bonus Shares**) if, on the record date applicable to the Bonus Shares, they had been registered as the holder of the Shares to be issued to them upon exercise of the Options. Such Bonus Shares will be paid by the Company out of profits or reserves in the same manner as was applied in relation to the bonus issue and upon issue will rank equally in all respects with the Bonus Share.

## **10. Risk Factors**

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### **10.1 Introduction**

An investment in the Company is not risk free and should be regarded as speculative.

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

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed and do not take into account the individual circumstances of Shareholders.

The Directors strongly recommend potential Applicants to consider the risk factors described below, together with information contained elsewhere in this Prospectus and consult with their professional advisers before deciding whether to apply for New Securities under this Prospectus.

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

### **10.2 Specific Risks**

#### **(a) Sufficiency of Funding**

At the Prospectus Date, the Company is not cash flow positive, meaning the Company is reliant on raising funds from investors in order to continue its operations. Although the Directors consider that the Company will, on completion of the Offer, have enough working capital to carry out its stated objectives, there can be no assurance that such objectives can be met without further funding. The Company has limited financial resources and may need to raise additional funds from time to time to finance the complete development and commercialisation of its products and services and meet its other longer term objectives. The Company may never achieve profitability and its ability to raise additional funds will be subject to, among other things, factors beyond the control of the Company and its Directors, including cyclical factors affecting the economy and the share markets generally. The Directors can give no assurance that future funds can be raised by the Company on favourable terms, if at all.

#### **(b) Business Strategy risk**

The Company's future growth and financial performance is dependent on its ability to successfully execute its business strategy. This will be impacted by a number of factors, including the Company's ability to:

- achieve further sales of Broo Beer Products through via increased production and additional and distribution marketing activities in existing markets in which the Broo Business operates as well as in markets that the Company will expand into;
- successfully maintain and develop further distribution and supply channels for sales of the Broo Beer Products; and
- comply with regulatory requirements (if any) applicable to the Broo Business.

#### **(c) Manufacturing Risks**

While the Company has its own brewery facility in Mildura, the Mildura brewery facility has a relatively limited brewing capacity and thereby restricting its ability to

increase production and/or carry out its business strategy to achieve further sales of the Broo Beer Products.

In order to increase the Company's brewery capacity so as to place the Company in a position that will enable the Company to achieve further sales of the Beer Products, as announced on 12 August 2020, the Company has recently entered into the CUB Agreement for the production of the Broo Beer Products for a period of 24 months, without the ability to terminate early by either party giving a notice to the other party.

Any breach or termination of the CUB Agreement could have a material adverse impact on the Company, including, without limitation, its ability to achieve its business objectives in connection with the sales, distribution and productions of the Broo Beer Products, including without limitation, its ability to achieve future sales, and/or to satisfy any future supply orders that may be placed by the customers at the time.

It is also noted that if the Company or the third-party contract brewer experience problems at its production facilities, is unable to maintain adequate manufacturing capacity, or adhere to product specifications and quality control standards, the Company's financial performance may be detrimentally affected. It may also negatively affect the Company's ability to achieve or carry out its business strategy relating to the sales, distribution and production of the Broo Beer Products.

Australia requires manufacturers to meet certain standards in terms of food and beverage safety, product quality, labour laws and other matters. Any failure by the Company or any third-party contract brewer to meet these standards to adhere to safety, labour or other laws, and the potential negative publicity relating to such failure, could harm the Company's business and reputation.

**(d) Supply and Distribution Risk**

The Company and Australia Draught depend on third parties to transport and deliver the Broo Beer Products in Australia. Due to the fact that the Company does not have any independent transportation or delivery capabilities of its own, it is vulnerable to delays in transportation or delivery and increases in the costs of such goods, adversely impacting on the Company's financial performance.

**(e) Consumer demand**

Consumers' demand for the Broo Beer Products will be subject to changes in consumer preferences and tastes. If the Company are unable to develop new products to keep up with changing consumer preferences, or the favour profile, pricing or quality of the existing Broo Beer Products do not suit consumer preferences, consumer demand for the Broo Beer Products in Australia is likely to fall, adversely affecting profitability.

**(f) Key personnel risk**

The Group's performance reflects, to a large extent, the efforts and abilities of its senior management team, in particular Mr Kent Grogan, who is the executive director and CEO of the Company. While, in most cases these executives are party to an employment contract with the Group, under the terms of these contracts each executive is permitted to terminate their contract upon a certain notice period. Currently, the Group employs a highly experienced and dedicated senior management team; however, its disbandment may have a material adverse impact on the operating and financial performance of the Group.

**(g) Rise in Costs**

Important raw materials for brewing beer include packaging (aluminium, glass, cardboard and kegs), malt, refined sugar, hops, water, preservatives and colourings. If the price of packaging or materials significantly increases, whether in Australia, China and/or any other jurisdiction in which the Broo Business is operated, such



costs may be passed on to the Company, adversely affecting the Company's profitability.

(h) **Insurance risk**

The Company may, where economically practicable and available, endeavour to mitigate some business risks by procuring relevant insurance cover. However, such insurance cover may not always be available or economically justifiable and the policy provisions and exclusions may render a particular claim by the company outside the scope of the insurance cover. While the Company will undertake all reasonable due diligence in assessing the creditworthiness of its insurance providers there will remain the risk that an insurer defaults in the legitimate claim by the company under an insurance policy. Insurance against all risks associated with the Company's business operations is not always available and where available cost may be prohibitive.

(i) **Product liability**

Without limiting paragraph (h), the Company or its subsidiaries may not be able to obtain further product liability insurance, or may not be able to obtain insurance on commercially viable terms. Any product liability claims may disrupt the Company's business operations and may cause reputational harm by leading consumers to doubt product safety, quality and reliability of supply, adversely impacting the Company's financial performance.

Retailing beverages also carries an inherent risk of product liability, and the Company's subsidiaries may have to limit the retailing of the Broo Beer Products if the Company cannot successfully secure or renew product liability insurance or defend itself against product liability claims.

(j) **Taxation**

The Group will be subject to various forms of taxation including but not limited to PAYG, GST and resident and non-resident withholding tax. Any increase, change in the application, or introduction of a new tax in Australia and/or internationally could materially affect the performance and financial position of the Company.

(k) **Contractual Risk**

The Company has contractual obligations and rights with respect to a number of agreements it is a party to. These agreements may include provisions which allow for termination (for convenience or otherwise). Additionally, no assurance can be given that all agreements will be fully performed by all contracting parties and that the Company will be successful in securing compliance with the terms of each agreement by the relevant third party. If a contracting party were to breach a material agreement or terminate a material agreement, this could have an adverse impact on the Company's business, operations and financial performance.

(l) **Unforeseen expenditure risk**

Expenditure may need to be incurred that has not been taken into account. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company and its business.

(m) **Dilution risk**

The capital structure of the Company will be impacted by the number of Securities issued pursuant to the Offers. Shareholders' respective holding of Shares will also be diluted to the extent that the Company undertakes further capital raising activities and issues securities in the Company under such capital raisings.

Following completion of the Offers and subject to the Shareholder Approvals being obtained (if required), the Company is anticipated to have 158,171,436 Options on issue, which, if exercised in accordance with the terms of issue of these Options, will result in the issue of up to an additional 158,171,436 Shares. Thus, the issue of additional Shares on the exercise of Options will further dilute the shareholdings of Shareholders.

### **10.3 General risks**

#### **(a) Economic risks and market conditions**

Factors, such as, but not limited to, world economic conditions, political instability, stock market trends, interest rates, exchange rates, inflation levels, commodity prices, industrial disruption, environmental impacts, international competition, taxation changes and legislative or regulatory changes may all have an adverse impact on our revenues, operating costs, profit margins and Share price. These factors are beyond the control of the Company and the Company cannot predict how they will impact its business.

#### **(b) Additional requirements for capital**

Notwithstanding funds raised under the Placement and the Offers, further funds may be required for the Company to complete its current programs and achieve its current objectives.

The Company's requirement for additional capital may be substantial and will depend on many factors, some of which are beyond the Company's control, including, without limitation, the cost of protecting's intellectual property, cost of production of Broo Beer Products and progress with commercialisation of any of the Broo Beer Products.

Additional equity financing may be dilutive to Shareholdings and debt financing, if available, may involve restrictions on financing and operating activities. There are no assurances that additional financing will be available on terms acceptable to us, or at all.

If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations.

#### **(c) Changes to Government Policies and Legislative Changes**

Government policy and legislative changes which are outside the control of the Company may also have a negative impact on the financial performance of the Company. This risk factor applies to government policy and legislative changes in Australia and any other jurisdictions where the Broo Business is conducted.

#### **(d) Force Majeure Risk**

Force majeure events, such as riot, war, invasion, act of foreign enemies, hostilities (whether war be declared or not), act of terrorism, infectious disease outbreaks, requisition or compulsory acquisition by any governmental or competent authority, earthquakes, flood, fire or other physical natural disasters and strikes or industrial disputes at a national level, may adversely affect the operations of the Company.

#### **(e) COVID-19 outbreak**

Without limiting paragraph (d), the outbreak of coronavirus (COVID-19) (**COVID-19**) is impacting global economic and securities markets. The nature and extent of the effect of the outbreak on the performance of the Group remains unknown. The Company's share price may be adversely affected in the short-to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or

industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company.

The Directors are monitoring the situation closely and have considered the impact of COVID-19 on the Group's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain. The Group is therefore subject to global economic, market and business risks with respect to COVID-19.

In compliance with its continuous disclosure obligations, the company will continue to update the market regarding the impact of the COVID-19 on its revenue channels and adverse impact on the Group and the operation of the Broo Business.

**(f) Litigation, claims and disputes**

While the Group is not currently subject to litigation and other claims and disputes in the course of its business, including contractual disputes, employment disputes, occupational and personal claims (**Claims**), there is no guarantee or assurance that such Claims may not arise after the Prospectus Date.

It is noted that if any member of the Group becomes subject to any Claims, any such Claims, including the costs of settling such Claims, could materially adversely affect the Group's business, operations, financial performance and reputation.

**(g) Implications of Chapter 6 of the Corporations Act**

Shareholders may be prevented from acquiring Shares under this Prospectus where to do so would contravene the takeovers prohibition in section 606 of the Corporations Act. Section 606 prohibits a person from acquiring a "relevant interest" (as defined in the Corporations Act) in issued voting shares in a listed company if, because of the transaction, that person's or someone else's voting power in the listed company increases from 20% or below to more than 20% or from a starting point that is above 20% and below 90%, unless an exception applies. There are various exceptions to the general prohibition. However, there is no guarantee that an exception would be available in the relevant circumstances and, even if an exception was potentially available, there is a risk that the exception could not be relied upon without significant cost or delay.

## **11. Additional Information**

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### **11.1 Continuous disclosure obligations**

This is a Prospectus for the offer of continuously quoted securities and options to acquire continuously quoted securities (as defined in the Corporations Act) of the Company and is issued pursuant to section 713 of the Corporations Act as a transaction specific prospectus. Accordingly, this Prospectus does not contain the same level of disclosure as an initial public offering prospectus.

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Further, as an ASX-listed company whose Shares are quoted on the ASX under the code 'BEE', the Company is subject to the ASX Listing Rules which require it to immediately notify the ASX of any information concerning the Company of which it is or becomes aware and which a reasonable person would expect to have a material effect on the price or value of Shares, subject to certain exceptions.

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

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

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the general and specific requirements of the ASX Listing Rules as applicable from time to time which apply to disclosing entities and which require the Company to notify ASIC of information available to the stock market conducted by ASX, from the date of the Company's admission to the Official List of the ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

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

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, an office of ASIC during normal office hours; and
- (c) the Company will provide a copy of each of the following documents, free of charge, to any person on request from the Prospectus Date until the Offer Closing Date:
  - (i) the annual financial report of the Company for the financial year ended 30 June 2019, being the annual financial report of the Company most recently lodged with ASIC before the issue of this Prospectus; and
  - (ii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act in the period from lodgement of the annual financial report referred to in paragraph (i) above until the lodgement of this Prospectus with ASIC.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company during normal business hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report for the financial year ended 30 June 2019 (on 30 September 2019) and before the lodgement of this Prospectus with ASIC are set out in the table below:

| Date              | Description of Announcement  |
|-------------------|--|
| 30 September 2019 | Appendix 4G and Corporate Governance Statement                           |
| 18 October 2019   | Notice of Annual General Meeting/Proxy Form                              |
| 21 October 2019   | Appendix 3B and Section 708A Notice                                      |
| 31 October 2019   | Appendix 4C – Quarterly report for entities subject to Listing Rule 4.7B |

|                  |  |
|------------------|--|
| 1 November 2019  | Change in substantial holding              |
| 1 November 2019  | Change of Director's Interest Notice       |
| 19 November 2019 | Results of Meeting                         |
| 2 December 2019  | Appendix 3B and Section 708A Notice        |
| 5 December 2019  | Change of Director's Interest Notice       |
| 5 December 2019  | Change of Director's Interest Notice       |
| 18 December 2019 | Change of Registered Office                |
| 24 December 2019 | Change of Director's Interest Notice       |
| 24 December 2019 | Share Placement and Appointment of New CFO |
| 24 December 2019 | Change in Substantial holding              |
| 8 January 2020   | Appendix 3B                                |
| 8 January 2020   | Becoming a substantial holder              |
| 13 January 2020  | Change in substantial holding              |
| 15 January 2020  | Section 708A Notice                        |
| 31 January 2020  | Appendix 4C – quarterly                    |
| 31 January 2020  | Appendix 3B                                |
| 28 February 2020 | Half Yearly Report and Accounts            |
| 17 March 2020    | Change in substantial holding              |
| 17 March 2020    | Change of Director's Interest Notice       |
| 30 April 2020    | Appendix 4C & Activities Report            |
| 10 June 2020     | Pause in trading                           |

|                |  |
|----------------|--|
| 10 June 2020   | Response to ASX Price Query                          |
| 26 June 2020   | Proposed Issue of Securities                         |
| 30 June 2020   | Appendix 2A  |
| 30 June 2020   | Appendix 3G  |
| 3 July 2020    | Section 708A Notice                                  |
| 31 July 2020   | Appendix 4C & Activities Report                      |
| 12 August 2020 | Broo enters into Contract Brewing Agreement with CUB |
| 24 August 2020 | Trading Halt   |
| 26 August 2020 | \$1.25 million Placement and Launch of Rights Issue  |
| 26 August 2020 | Proposed issue of Securities - BEE                   |
| 26 August 2020 | Proposed issue of Securities – BEE                   |
| 26 August 2020 | Update – Proposed issue of securities – BEE          |
| 28 August 2020 | Appendix 2A  |
| 31 August 2020 | Preliminary Final Report                             |

\*Source: [www.asx.com.au](http://www.asx.com.au)

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal business hours. The announcements are also available through the Company's website <https://www.broo.com.au/>.

## 11.2 Litigation

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

## 11.3 Market Price of Shares

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

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

|         | Price   | Date(s)                      |
|---------|---------|------------------------------|
| Highest | \$0.033 | 12 August 2020               |
| Lowest  | \$0.014 | 26 May 2020 and 16 June 2020 |
| Last    | \$0.019 | 28 August 2020               |

\*Source: [www.asx.com.au](http://www.asx.com.au)

## 11.4 Material Agreements

### 11.4.1 Mandate

The Company has entered into a mandate with the Lead Manager pursuant to which, amongst other things, the Company appoints the Lead Manager as lead manager in respect of the Placement and the Offers ("**Mandate**").

Subject to completion of the Placement and the Offers, the Company has agreed to pay the Lead Manager:

- (a) a capital raising fee of 6% (excl GST) of the total amount raised by the Lead Manager under the Placement and the Offers (which for the avoidance of doubt, does not include funds raised from investors introduced by the Company);
- (b) a management fee of 2% (excl GST) of the total amount raised under the Placement and the Offers (which for the avoidance of doubt, includes funds raised from investors introduced by the Company);
- (c) a monthly retainer of \$15,000 (excl GST) for acting as the Company's corporate advisor commencing on and conditional upon the successful completion of the Placement and the Offers; and
- (d) the sum of \$45,000 (excl GST) for past corporate advisory services provided by the Lead Manager to the Company.

Additionally, pursuant to the Mandate, the Lead Manager is entitled to be issued up to:

- (e) 5,000,000 New Options conditional on successful completion of the Placement; and
- (f) 15,000,000 New Options conditional on successful completion of the Entitlement Offer (including in particular, the placement of the Shortfall Securities under the Shortfall Placement by the Lead Manager),

provided that:

- (g) the issue of these New Options are subject to Shareholder Approval being obtained (if required) under ASX Listing Rule 7.1; and
- (h) if either Shareholder Approval is not obtained or the Company or the Company does not have the necessary placement capacity to issue the New Options without Shareholder approval under ASX Listing Rule 7.1 within 3 months from the date of the Mandate (namely, 24 August 2020), the Lead Manager may elect to a cash payment of \$100,000 (exclusive GST) in lieu of these New Options.

The remainder of the terms and conditions of the Mandate are considered to be on market standard terms.

## 11.5 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed director holds or has held within the two (2) years preceding the lodgement of this Prospectus any interest in:

- (a) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers; or
- (b) the Placement; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid (in cash or Securities or otherwise) and no other benefit has been given or agreed to be given to any Director or proposed director or to any entity in which such a Director or proposed Director is a partner or director, either to induce them to become, or to qualify as, a Director or otherwise for services rendered by them or by the entity in connection with the formation or promotion of the Company or the Offers.

## 11.6 Interests of Directors in Shares

The relevant interests of each Director, or former Director (if such Director resigned less than 6 months before the issue of this Prospectus) in the Shares of the Company held either directly or through their Associates as at the date of this Prospectus, together with their respective Entitlement, and current proposed intentions with respect to their Entitlements, are set out in the table below. This table includes Shares that are held both directly and indirectly through their Associates.

| Director         | Existing Shares <sup>1</sup> |                           | Entitlement Offer Entitlement |                                 | Proposed extent of acceptance of Entitlement |
|------------------|------------------------------|---------------------------|-------------------------------|---------------------------------|--|
|                  | Shares                       | Voting Power <sup>4</sup> | Entitlement <sup>2</sup>      | Application Monies <sup>3</sup> |  |
| Directors        |                              |                           |                               |                                 |  |
| Kent Grogan      | 302,175,000 <sup>5</sup>     | 38.72% <sup>5</sup>       | 60,435,000 <sup>6</sup>       | \$1,087,830.00                  | 100% <sup>7</sup>                            |
| Matthew Boyes    | 4,515,000                    | 0.58%                     | 903,000                       | \$16,254.00                     | 100%   |
| Matthew Newberry | 2,007,500                    | 0.26%                     | 401,500                       | \$7,227.00                      | 100%   |
| Total            | 308,697,500                  | 39.56%                    | 61,739,500                    | \$1,111,311.00                  | N/A  |

### Notes

- Assumes no Options currently held are exercised prior to the Record Date for the Entitlement Offer. As all existing Options on issue are currently out of the money, it is unlikely that any Options will be exercised for the purposes of increasing the holders' Entitlement under the Entitlement Offer.
- This number may vary due to rounding of Entitlements and may increase as a result of the rounding up of Shares offered under the Entitlement Offer.
- Rounded to the nearest decimal place.
- This represents voting power calculated as at the Prospectus Date.
- It is noted that these Shares represent the aggregate number of Shares that are held by Kent Grogan (1,000,000 Shares representing 0.13% of the total voting power) and his Associate, Groges Holdings Pty Ltd (301,175,000 Shares, representing 38.60% of the total voting power). AS Groges Holdings Pty Ltd is an Associate of Kent Grogan, Kent Grogan is taken to have an indirect relevant interest in the 301,175,000 Shares registered in the name of Groges Holdings Pty Ltd.



6. *Of these Entitlements, Groges Holdings Pty Ltd will be entitled to subscribe for up to 60,235,000 New Shares under the Entitlement Offer and Kent Grogan will be entitled to subscribe for up to 200,000 New Shares under the Entitlement Offer.*
7. *As stated in section 5.11 of this Prospectus, no nominee has been appointed for Ineligible Shareholders under section 615 of the Corporations Act and the Company has not sought relief from the application of section 606 of the Corporations Act to the issue or acquisition of New Securities under the Entitlement Offer, the Shortfall Offer and/or the Shortfall Placement. As such, the ability of Kent Grogan and Groges Holdings Pty Ltd to take up all or any of their respective Entitlements under the Entitlement Offer and/or the Shortfall Offer will be subject to the extent permitted by the takeover provisions contained in sections 608 to 615 of the Corporations Act. This table assumes that Kent Grogan and Groges Holdings Pty Ltd can take up their respective Entitlements in full without in breach of the takeover provisions contained sections 608 to 615 of the Corporations Act. If Kent Grogan and/or Groges Holdings Pty Ltd are prohibited by the takeover provisions contained in sections 608 to 615 of the Corporations Act to take up their full Entitlements under the Entitlement Offer, they intend to take up their respective Entitlements under the Entitlement Offer to the extent permitted by the takeover provisions contained in sections 608 to 615 of the Corporations Act.*

## 11.7 Interests of Directors in Options

The relevant interests of each Director or former Director (if such Director resigned less than 6 months before the issue of this Prospectus) in the Options of the Company held either directly or through their Associates as at the date of this Prospectus, together with their respective Entitlement, and current proposed intentions with respect to their Entitlements, are set out in the table below. This table includes Options that are held both directly and indirectly through their Associates.

| Director                | Existing Options | Entitlement Offer Entitlement <sup>1</sup> | Proposed extent of acceptance of Entitlement |
|-------------------------|------------------|--|--|
| <b>Directors</b>        |                  |  |  |
| <b>Kent Grogan</b>      | Nil              | Nil  | Nil  |
| <b>Matthew Boyes</b>    | Nil              | Nil  | Nil  |
| <b>Matthew Newberry</b> | Nil              | Nil  | Nil  |
| <b>Total</b>            | Nil              | Nil  | Nil  |

## 11.8 Remuneration of Directors

The Constitution provides that the Directors may be paid for their services as Directors. As at the Prospectus Date, the cash remuneration payable to each current Director by the Group is as follows:

| Director         | Amount <sup>1</sup>              |
|------------------|----------------------------------|
| Kent Grogan      | \$360,000 per annum <sup>1</sup> |
| Matthew Boyes    | \$43,800 per annum <sup>1</sup>  |
| Matthew Newberry | \$43,800 per annum <sup>1</sup>  |

Notes:

1. *The amounts are exclusive of superannuation.*

## 11.9 Director Indemnity Deeds

The Company has entered into a deed of indemnity with each of the Directors. Under such deeds, the Company has undertaken, subject to the restriction in the Corporations Act, to indemnify all Directors against all losses or liabilities incurred by each director in their capacities as Directors of the Company.

## 11.10 Cash Expenses of the Offers

In the event that all Entitlements are accepted, the total cash expenses of the Entitlement Offer are estimated to be approximately \$120,330 (excl GST) as follows:

| Expense  | Amount (excl GST) |
|--|-------------------|
| ASIC lodgement fees  | \$3,206           |
| ASX listing fees <sup>6</sup>  | \$10,939          |
| Lead Manager fee for the Entitlement Offer (cash) <sup>1 to 5,</sup> | \$56,185          |
| Legal fees   | \$15,000          |
| Prospectus printing and postage and share registry                   | \$35,000          |
| <b>Total</b>   | <b>\$120,330</b>  |

Notes:

1. This constitutes a 2% management fee of all funds raised under the Entitlement Offer and has been calculated on the assumption that the Entitlements are fully accepted by the Eligible Shareholders and no amount will be raised by the Lead Manager under the Entitlement Offer, Shortfall Offer and/or Shortfall Placement.
2. In addition to this amount, the Lead Manager (and/or its nominee) is also entitled to receive the Lead Manager Options pursuant to the Mandate, monthly retainer of \$15,000 (excl GST) and a capital raising fee of 6% (excl GST) of the total amount raised by the Lead Manager under the Placement and the Offers (which for the avoidance of doubt, does not include funds raised from investors introduced by the Company).
3. As the Company has successfully raised \$1,264,945.86 (before costs) under the Placement, pursuant to the Mandate, the Lead Manager is entitled to receive management fee of \$25,298.92 (excl GST) and a capital raising fee of \$75,896.75 (excl GST) in connection with the Placement. These fees have been paid to the Lead Manager in full as at the Prospectus Date.
4. It is noted that if the Entitlements are not accepted by the Eligible Shareholders in full and there are any Shortfall Securities after the completion of the Entitlement Offer and the Shortfall Offer, any funds raised from investors introduced by the Lead Manager under the Shortfall Placement will be subject to 6% capital raising fee payable to the Lead Manager. For more information on the terms of remuneration payable to the Lead Manager under the Mandate, please refer to section 11.4.1 of this Prospectus.
5. It is noted that \$45,000 (excl GST) of the Lead Manager Accrued Fee (as defined in section 12.11 of this Prospectus) remain payable by the Company to the Lead Manager. It is intended that this unpaid Lead Manager Accrued Fee (i.e. \$45,000 excl GST) will be paid out of funds raised under the Entitlement Offer, upon completion of the Entitlement Offers.
6. This assumes quotation of the New Shares issued under the Entitlement Offer is granted and excludes any ASX listing fees that may be imposed by ASX on the quotation of the New Options issued under the Offers (if granted by ASX).

## 11.11 Interests of experts and advisers

Other than as disclosed in this Prospectus:

- (a) all other 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 do not have, and have not had in the two (2) years before the Prospectus Date, any interest in:

- (i) the formation or promotion of the Company;
  - (ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offers; or
  - (iii) the Placement; or
  - (iv) the Offers; and
- (b) amounts have not been paid nor agreed to be paid (in cash or Securities or otherwise) and no other benefit has been given or agreed to be given to any of those persons for services provided by those persons in connection with the formation or promotion of the Company, the Placement or the Offers.

The Lead Manager has been appointed as the lead manager in respect of the Placement and the Offers and will be paid such fees and New Options as are outlined at section 11.4.1 for services provided in connection with the Placement and Offers. In addition, the Lead Manager has received (or is entitled to receive) approximately \$90,000 (ex GST) in fees from the Group for services provided over the period two (2) years prior to the Prospectus Date (**Lead Manager Accrued Fee**). The Lead Manager (and its nominees) has also received 10,000,000 Unlisted Options (exercisable at \$0.02 each on or before 30 June 2022) for the provision of such services.

Moray & Agnew Lawyers has acted as solicitors to the Company in relation to the Offers and is entitled to be paid approximately \$15,000 (excluding GST and disbursements) for services provided in connection with the Offers. Further amounts may be paid to Moray & Agnew for other legal services provided in accordance with its usual time based charge out rates.

#### 11.12 Consents

The Lead Manager has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as the lead manager of the Offers in the form and context in which it is named.

Moray & Agnew Lawyers has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its consents to be named in this Prospectus as the Company's solicitors in the form and context in which it is named.

The Lead Manager and Moray & Agnew Lawyers:

- (a) did not authorise or cause the issue of this Prospectus;
- (b) does not make, or purport to make any statement in this Prospectus nor is any statement in this Prospectus based on any statement by any of those parties other than as specified in this section; and
- (c) to the maximum extent permitted by law, expressly disclaims any responsibility or liability for any part of this Prospectus other than a reference to its name and a statement contained in this prospectus with consent of that party as specified in this section.

#### 11.13 Electronic prospectus

If you have received this prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please phone the Company Secretary, Mr Justyn Stedwell on +61 (3) 8395 5446 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at <https://www.broo.com.au/>.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

#### **11.14 Financial forecasts**

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

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

The Company currently operates an electronic issuer-sponsored register and an electronic CHES sub-register. The two sub-registers together will comprise the Company's register of Shares.

The Company will not issue certificates. Applicants who are allotted Shares under this Prospectus will be provided with a transaction confirmation statement which sets out the number of Shares allotted to the Applicant. Applicants who elect to hold Shares on the issuer-sponsored sub-register will be provided with a holding statement (similar to a bank account statement) which sets out the number of Shares allotted to the Shareholder under this Prospectus. For Applicants who elect to hold their Shares on the CHES sub-register, the Company will issue an advice that sets out the number of the Shares allotted to the Applicant under this Prospectus. At the end of the month of allotment, CHES, acting on behalf of the Company, will provide those Shareholders with a holding statement that confirms the number of Shares held and any transactions during that month.

A holding statement (whether issued by CHES or the Company) will also provide details of the applicable Holder Identification Number in case of a holding on the CHES sub-register or Reference Number in case of a holding on the issuer-sponsored sub-register. Following distribution of these initial holding statements, a holding statement will also be provided to each Shareholder at the end of any subsequent month during which the balance of that Shareholder's holding of securities in the Company changes.

A Shareholder may request a holding statement at any other time. However, a charge may be imposed by the Share Registry for additional statements.

#### **11.16 Privacy Act**

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

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

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

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process the application.

#### **11.17 Taxation**

The Directors do not consider that it is appropriate to give potential Applicants advice regarding the taxation consequences of applying for Securities under this Prospectus as it is not possible to provide a comprehensive summary of the possible taxation positions of potential Applicants. The Company, its advisers and officers do not accept any responsibility or liability for any taxation consequences to potential Applicants in relation to the Offer. Shareholders should therefore consult their own professional taxation advisers to obtain advice in relation to the taxation laws and regulations applicable to their personal circumstances. The Company cannot, and does not, offer any advice to Shareholders relating to taxation implications.

#### **11.18 Alteration of Terms or Withdrawal of the Offers**

The Company reserves the right, at its discretion, to vary, suspend or withdraw the Offers at any time, subject to the Corporations Act, the ASX Listing Rules and any other law or regulation to which the Company is subject. Any variation, suspension or cancellation does not give rise to any liability on the part of, or any action against, the Company or any Director and will be binding on all Shareholders.

#### **11.19 Governing Law**

The Offers and the contracts arising due to acceptance of the Offers in accordance with this Prospectus are governed by the law in force in Victoria, Australia.

## **12. Directors' Authorisation**

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

In accordance with section 720 of the Corporations Act, each Director has consent to the lodgement of this Prospectus with ASIC.



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**Kent Grogan  
Executive Director  
For and on behalf of  
Broo Limited**

**31 August 2020**

## 13. Definitions

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|                                       |  |
|---------------------------------------|--|
| <b>\$ or A\$</b>                      | means Australian dollars.  |
| <b>AEST</b>                           | means Australian Eastern Standard Time.  |
| <b>Applicant</b>                      | means a Shareholder who applies for New Securities pursuant to the Entitlement Offer or a Shareholder or other party who applies for Shortfall Securities pursuant to the Shortfall Offer. |
| <b>Application Form</b>               | means the Entitlement and Acceptance Form, Shortfall Application Form, Placement Options Application Form and Lead Manager Offer Application Form, as the context requires.                |
| <b>Application Monies</b>             | means monies received by the Company from Applicants with respect to the Application Form.   |
| <b>ASIC</b>                           | means the Australian Securities and Investments Commission.  |
| <b>ASX</b>                            | means Australian Stock Exchange Limited ACN 008 624 691 or the Australian Securities Exchange (as the context requires).   |
| <b>ASX Listing Rules</b>              | means the listing rules of ASX as at the Prospectus Date.  |
| <b>ASX Settlement Operating Rules</b> | means the settlement rules of the securities clearing house which operates CHESS.  |
| <b>Australia Draught</b>              | means Australia Draught Pty Ltd ACN 165 148 130, a wholly owned subsidiary of the Company.   |
| <b>Australia Draught Beer</b>         | means the “Australia Draught” brand beer developed and retailed by Australia Draught.  |
| <b>Board</b>                          | means the Board of Directors of the Company unless the context indicates otherwise.  |
| <b>Broo Business</b>                  | means the beer production, distribution and sales, and operation of its licensed venues and any other business carried on by the Group from time to time.                                  |
| <b>Broo Premium Lager</b>             | means the Broo Premium Lager brand beer developed and retailed by the Company.   |
| <b>Broo Beer Products</b>             | Means the associated products of Australia Draught Beer and Broo Premium Lager.  |
| <b>Business Day</b>                   | means a day that is not a Saturday, Sunday or a public holiday in Melbourne, Victoria.   |
| <b>Company</b>                        | means Broo Limited ACN 060 793 099, being a company incorporated in Victoria, Australia.   |
| <b>Constitution</b>                   | means the Constitution of the Company as may be amended from time to time.   |
| <b>Corporations Act</b>               | means the <i>Corporations Act 2001</i> (Cth).  |
| <b>CUB Agreement</b>                  | means the contract brewing agreement entered into by the Company in August 2020 and referred to in the ASX announcement on 12 August 2020.   |
| <b>Directors</b>                      | means one or more directors of the Company.  |

|  |  |
|--|--|
| <b>Eligible Shareholder</b>                | means a Shareholder who has a registered address in Australia or New Zealand as at the Record Date.  |
| <b>Entitlement</b>                         | means the entitlement of a Shareholder who is eligible to participate in the Entitlement Offer.  |
| <b>Entitlement and Acceptance Form</b>     | means the entitlement and acceptance form either attached to or accompanying this Prospectus.  |
| <b>Entitlement Offer</b>                   | means the non-renounceable rights issue pursuant to this Prospectus of one (1) Share for every five (5) Shares held on the Record Date at an issue price of \$0.018 per Share, with one (1) free-attaching New Option for every two (2) New Shares subscribed for and issued, to raise up to approximately \$2,809,225 (before costs).                 |
| <b>General Meeting</b>                     | means the annual general meeting or general meeting of the Shareholders to be requisitioned by the Company for the purpose of, amongst others, considering, and if thought fit, approving the issue of the Lead Manager Options and the Placement Options pursuant to ASX Listing Rule 7.1.  |
| <b>Group</b>                               | means the group of companies comprising the Company and its subsidiaries, which include, but are not limited to, Broo Exports Pty Ltd, Australia Draught, Broo KH Ltd, Broo Beverages Pty Ltd, Sorrento Brewery Pty Ltd, Broo Brewery Pty Ltd, Mildura Brewery Pub (Broo) Pty Ltd, Mildura Brewery (Broo) Pty Ltd, Direct Liquor Outlet (DLO) Pty Ltd. |
| <b>Lead Manager</b>                        | means 61 Financial Information Technology Pty Ltd ACN 618 439 820, a corporate authorised representative (#001277753) of Wit Capital Group Pty Ltd (AFSL #505077).   |
| <b>Lead Manager Accrued Fee</b>            | means the fee in the sum of \$90,000 (excl GST) for past corporate advisory services provided by the Lead Manager to the Company, as described in section 11.11 of the Prospectus.   |
| <b>Lead Manager Offer</b>                  | means the offer of the Lead Manager Options to the Lead Manager (and/or its nominees) under this Prospectus, as described in section 6.2 of this Prospectus.   |
| <b>Lead Manager Offer Application Form</b> | means the lead manager offer application form either attached to or accompanying this Prospectus.  |
| <b>Lead Manager Options</b>                | means 20,000,000 New Options to be issued to the Lead Manager (and/or its nominees) under this Prospectus, subject to Shareholder Approval being obtained at the General Meeting (if required) and, where applicable, subject also to the T2 Lead Manager Options Condition being met, as described in section 6.2 of this Prospectus.                 |
| <b>Mandate</b>                             | means the mandate entered into between the Company and Lead Manager for the engagement of the Lead Manager to provide services in relation to the Placement and the Offers, the key terms of which are summarised in Section 11.4.1 of this Prospectus.  |
| <b>New Options</b>                         | means Options exercisable at \$0.03 each on or before 31 October 2022 and issued (or to be issued) on the terms set out in Section 9.2 of this Prospectus.   |
| <b>New Securities</b>                      | means the New Shares and/or the New Options, as the context requires.  |



|   |  |
|---|--|
| <b>New Shares</b>                         | means up to 156,068,102 Shares to be issued under the Entitlement Offer, as described in section 5.1 of this Prospectus.   |
| <b>Offer</b>                              | means the Entitlement Offer, the Lead Manager Offer, the Placement Options Offer, the Shortfall Offer and/or the Shortfall Placement, as the context requires.   |
| <b>Offer Closing Date</b>                 | means 22 September 2020 or such earlier or later date as the Directors may determine.  |
| <b>Official List</b>                      | means the list of securities permitted to Official Quotation.  |
| <b>Official Quotation</b>                 | means official quotation by ASX in accordance with the ASX Listing Rules.  |
| <b>Option</b>                             | means an option to acquire Shares in the Company.  |
| <b>Optionholder</b>                       | means a holder of Options in the Company.  |
| <b>Placement</b>                          | means the private placement of 70,274,770 Shares and one (1) free-attaching New Option for every two (2) Shares subscribed for and issued, as announced by the Company on 26 August 2020, the key terms of which are summarised in section 6.1 of this Prospectus. |
| <b>Placement Options</b>                  | means the New Options to be issued under the Placement subject to Shareholder approval at the General Meeting of the Company, as referred to in section 6.1 of this Prospectus.  |
| <b>Placement Options Application Form</b> | means the placement options application form either attached to or accompanying this Prospectus.   |
| <b>Placement Options Offer</b>            | means the offer of Placement Options to the Placement Participants under this Prospectus as described in section 6.1 of this Prospectus.   |
| <b>Placement Participant</b>              | means a Qualified Investor who has applied for any Placement Securities under the Placement and whose application has been accepted by the Company.  |
| <b>Placement Shares</b>                   | means 70,274,770 Shares offered for issue by the Company under the Placement.  |
| <b>Prospectus</b>                         | means this prospectus dated 31 August 2020 and which was lodged with ASIC on that date.  |
| <b>Prospectus Date</b>                    | means the date of this Prospectus, namely 31 August 2020.  |
| <b>Qualified Investor</b>                 | means an investor to whom Securities may be offered by the Company without a disclosure document pursuant to, and under, sections 708(8) or (11) of the Corporations Act (as the case may be).   |
| <b>Record Date</b>                        | means 3 September 2020   |
| <b>Related Party</b>                      | means a person who is a 'related party' of the Company within the meaning of the ASX Listing Rules.  |
| <b>Securities</b>                         | means the Shares and Options offered pursuant to this Prospectus.  |
| <b>Share</b>                              | means a fully paid ordinary share in the capital of the Company.   |
| <b>Share Registry</b>                     | means the Company's share registry, namely, Computershare Investors Services Pty Ltd.  |

|   |   |
|---|---|
| <b>Shareholder</b>                      | means a holder of Shares.   |
| <b>Shareholder Approval</b>             | means the approval of the Shareholders to the issue of the Placement Options or the Lead Manager Options (as applicable) pursuant to ASX Listing Rule 7.1.  |
| <b>Shortfall</b>                        | means the number of New Securities offered under the Entitlement Offer for which valid Application Forms have not been received from Eligible Shareholders before the Offer Closing Date (if any) and offered under the Shortfall Offer and/or the Shortfall Placement (as the context requires). |
| <b>Shortfall Application Form</b>       | means the part of the Entitlement and Acceptance Form either attached to or accompanying this Prospectus that allows for the application of additional New Shares and New Options (over and above the Entitlements).  |
| <b>Shortfall Offer</b>                  | means the offer of Shortfall Securities under the 'Shortfall Offer' on the terms and conditions set out in section 5.10 of this Prospectus.   |
| <b>Shortfall Placement</b>              | means the offer of Shortfall Securities under the 'Shortfall Placement' on the terms and conditions set out in section 5.10 of this Prospectus.   |
| <b>Shortfall Securities</b>             | means the New Securities offered under the Entitlement Offer for which valid Application Forms have not been received from Eligible Shareholders before the Offer Closing Date.   |
| <b>Shortfall Shares</b>                 | means the New Shares offered under the Entitlement Offer for which valid Application Forms have not been received from Eligible Shareholders before the Offer Closing Date  |
| <b>T2 Lead Manager Options</b>          | means the 15,000,000 Lead Manager Options, as described in Section 6.2(b) of this Prospectus.   |
| <b>T2 Lead Manager Option Condition</b> | means the condition precedent to the issue of the T2 Lead Manager Options to the Lead Manager under the Mandate, as described in Section 6.2(b) of this Prospectus.   |
| <b>Unlisted Options</b>                 | means the unlisted Option on issue as at the Prospectus Date, as described in section 5.1 of this Prospectus.   |