

Cycliq Group Ltd
ACN 119 749 647

Prospectus

Entitlement Offer

For a renounceable pro rata entitlement offer by the Company of 1.8 Shares for every 1 Share held by Eligible Shareholders at an issue price of \$0.001 per Share to raise approximately \$4,146,647, together with 1 free attaching New Option for every 2 Shares issued (**Entitlement Offer**).

This Prospectus is also being issued to make the offers set out in section 1.2 of this Prospectus (**Additional Offers**)

The Entitlement Offer is fully underwritten by CPS Capital Group Pty Ltd (**Underwriter**).

<p>Important: This is an important document that should be read in its entirety. If you are in any doubt or have any questions about this document, you should promptly consult your stockbroker, accountant or other professional adviser.</p>
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Contents

Important Information	1
Key Numbers and Dates	2
1 Offer Details	4
2 Effect of the Offers	12
3 Risk Factors	18
4 Applications	25
5 Material Agreements	29
6 Additional Information	36
7 Authorisation	47
Definitions	48
Corporate Directory	51

Important Information

General

This Prospectus is issued by Cycliq Group Ltd ACN 119 749 647 (**Company**).

The Prospectus is dated 16 April 2021, and a copy of this Prospectus was lodged with ASIC on that date. Neither ASIC or ASX take responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No securities will be issued pursuant to this Prospectus later than 13 months after the date 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.

Persons wishing to apply for Securities pursuant an Offer must do so using the relevant Application Form attached to or accompanying this Prospectus. Before applying for Securities, investors should carefully read this Prospectus.

Any investment in the Company should be considered highly speculative. Investors who are in any doubt or have any questions about this document should promptly consult their stockbroker, accountant or other professional adviser before deciding to apply for securities under the Entitlement Offer.

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

Prospectus availability

A copy of this Prospectus can be downloaded from the Company's website at www.cycliq.com.

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 version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company at info@cycliq.com or the Company Secretary on +61 8 6555 2950.

Publicly available information

Information about the Company is publicly available and can be obtained from ASIC and ASX (including at www.asx.com.au). The contents of any website, or ASIC or ASX filing by the Company are not incorporated into this Prospectus and do not constitute part of the Offers. 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. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision on whether or not to invest in the Company or its securities.

Foreign restrictions

This Prospectus does not constitute 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 to extend such an invitation. No action has been taken to register this Prospectus or otherwise to permit the offering of securities in any jurisdiction outside Australia and New Zealand.

Risk factors

Before deciding to invest in the Company, investors should read the entire Prospectus and in particular, in considering the prospects of the Company, investors should consider the risk factors that could affect the financial performance and assets of the Company. Investors should carefully consider these factors in light of their personal circumstances (including financial and tax issues). See section 3 for further information.

Financial amounts

All references in this Prospectus to "\$", "A\$", "AUD", "dollars" or "cents" are references to Australian currency.

Any discrepancies between the totals and sums of components in tables contained in this Prospectus are due to rounding.

Definitions and time

A number of terms and abbreviations used in this Prospectus have defined meanings which are set out in the Definitions section of this Prospectus.

All references to time relate to the time in Perth, Western Australia unless otherwise stated or implied.

Governing law

This Prospectus and the contracts that arise from the acceptance of applications under this Prospectus are governed by the law applicable in Western Australia and each applicant submits to the exclusive jurisdiction of the courts of Western Australia.

Key Numbers and Dates

Key Offer Details	Amount
Issue price of Shares under the Entitlement Offer	\$0.001
Shares offered under the Entitlement Offer	4,146,646,613
New Options offered under the Entitlement Offer	2,073,323,307
Issue price of New Options under the Entitlement Offer	Nil
Funds to be raised under the Entitlement Offer (before costs)	\$4,146,647
New Options to be issued under the Noteholder Offer	250,000,000 ¹
Underwriter Options issued under the Underwriter Offer	2,300,000,000 ²

Notes:

1 Subject to Shareholder approval. See Section 1.2.3 for further details.

2 Subject to Shareholder approval. See Section 1.2.2 for further details.

Key Events	Date
Prospectus lodged with ASIC	16 April 2021
Shares quoted on an “Ex” basis and rights trading commences	21 April 2021
Record Date	22 April 2021
Opening Date	27 April 2021
Prospectus sent to Eligible Shareholders	27 April 2021
Rights trading ends	3 May 2021
Securities quoted on a deferred settlement basis	4 May 2021
Last date to extend Closing Date	5 May 2021
Closing Date	10 May 2021
Shortfall announced to ASX	13 May 2021
Securities issued and holding statements sent	17 May 2021
Securities quoted on ASX	18 May 2021

Note: The above timetable is indicative only. The Company reserves the right, subject to the Corporations Act, the Listing Rules and other applicable laws, to vary the dates, including by extending the Closing Date of the Entitlement Offer or accepting late acceptances, either generally or in particular cases, without notice.

Letter from the Chairman

16 April 2021

Dear Shareholder,

On behalf of the Board, I am pleased to present you with the Company's renounceable pro-rata renounceable entitlement offer. Each Eligible Shareholder is being offered the right to acquire additional Shares in the Company at an issue price of \$0.001 per Share, to raise \$4,146,647 (before costs). This has been determined on the basis of 1.8 new Shares for every 1 Share registered in your name as at the Record Date. You will also receive 1 free attaching New Option for every 2 Shares subscribed for and issued.

The Company has undergone a number of significant changes since my fellow Director Xavier Kris and I joined the Company's Board in September 2020. The executive team has changed considerably since that time, with a new energised team now managing the Company and its business.

Since I joined the Board, it has become apparent that although the Company has a world leading product range, with a loyal customer base spread across the globe (having also had great success in marketing those products), there were deficiencies in other areas of the business. In particular, following an extensive review of the Company's business and operations, the Company's supply chain, manufacturing arrangements, cost control and quality control were found to be in need of attention and repair. Much of this work has already been done, with overheads at both the corporate and the product level reduced. Other savings have been identified, particularly in logistics, and the Board intends to implement appropriate measures over the coming months.

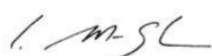
The Company has, for some time, suffered from a lack of sufficient capital to truly exploit markets. Manufacturing has, in effect, been on a "*just in time*" basis, with little stock available on hand to meet immediate customer demand. Long lead time critical components have been sourced on the spot market – with the effect of either increasing the cost per unit or delaying the time from order to completion of manufacturing. Little time or resources has been applied to adding to the product range – to increase the share of wallet of the loyal customer base.

The funds raised from the Entitlement Offer and the recent issue of Convertible Notes will provide much needed capital to enable the Company to improve its relationships with suppliers, increase research and development of new and improved products, develop an e-commerce platform to sell those products directly to the consumer, further develop the upRIDE platform, and to acquire larger volumes of stock to enable the largest market in the world to be penetrated – the United States of America (where the Company considers there is already significant latent demand for the Company's products). Please refer to section 1.3 for a more detailed overview of the proposed use of funds.

This Prospectus contains information about the Offers and the key risks associated with investing in the Company (see section 3), and it is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. An investment in the Company should be considered highly speculative. If you do not understand this Prospectus then you should contact your professional adviser.

On behalf of the Board, I commend the Entitlement Offer to you.

Yours sincerely



Craig Smith-Gander
Non-Executive Chairman
Cycliq Group Ltd

1 Offer Details

1.1 Entitlement Offer

The Company is making a renounceable pro rata entitlement offer to Eligible Shareholders on the basis of 1.8 Shares for every 1 Share held on the Record Date at an issue price of \$0.001 per Share to raise up to \$4,146,647, together with 1 free attaching New Option for every 2 Shares issued (**Entitlement Offer**).

The Entitlement Offer is fully underwritten by CPS Capital Group Pty Ltd ACN 088 055 636 (**CPS Capital or Underwriter**). See Section 1.10 for further details relating to the underwriting.

As at the date of this Prospectus the Company has on issue 2,303,692,563 Shares, an aggregate of 192,571,430 unquoted Options with various exercise prices and expiry dates, performance shares with various vesting milestones and an aggregate of 142,857,143 unquoted warrants with various exercise prices and expiry dates. See Section 2.2 for more details on the Company's current capital structure.

On the assumption that no Options or warrants are exercised before the Record Date, the Company proposes to offer approximately 4,146,646,613 Shares and 2,073,323,307 New Options under the Entitlement Offer. The Company also proposes to issue 2,300,000,000 Underwriter Options and 250,000,000 New Options pursuant to the Additional Offers (refer to section 1.2 below for further details).

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

Shares issued under the Entitlement Offer will rank equally with other Shares on issue. See section 6.7 for a summary of the rights and liabilities attaching to Shares.

New Options issued under the Entitlement Offer will have an exercise price of \$0.0015 and expire on the date which is two years following the issue of Securities under this Prospectus. See section 6.8 for the terms of the New Options.

1.2 Additional Offers

Pursuant to this Prospectus, the Company is also making the Additional Offers. The Additional Offers are being made under this Prospectus to:

- ensure that the Securities offered pursuant to the Additional Offers are made in accordance with the disclosure requirements of Part 6D.2 of the Corporations Act; and
- remove the need for an additional disclosure document to be issued upon the sale of any Shares, New Options or Underwriter Options (including any Shares issued on exercise of any New Options or Underwriter Options) that are issued pursuant to the Additional Offers.

1.2.1 Shortfall Offer

Eligible Shareholders may subscribe for additional Shares and New Options (together, **Shortfall Securities**) in excess of their Entitlement by applying for Shortfall Securities under the Shortfall Offer. The Shortfall Offer is a separate offer made pursuant to this Prospectus.

The issue price of any Shares issued under the Shortfall Offer will be \$0.001 each, which is the issue price at which Shares are offered to Eligible Shareholders under the Entitlement Offer. Successful applicants under the Shortfall Offer will also be issued 1 free attaching New Option for every 2 Shares issued.

Eligible Shareholders who wish to subscribe for Shortfall Securities pursuant to the Shortfall Offer may apply by completing the relevant section on the Application Form or by making payment for such Shortfall Securities via sending the Company a cheque or using BPAY® (refer to section 4.8).

It is possible that there will be few or no Shortfall Securities available under the Shortfall Offer, depending on the level of take up of Entitlements by Eligible Shareholders under the Entitlement Offer. The Board has the discretion to elect to cap the number of Shortfall Securities applied for by Eligible Shareholders, having regard to:

- the number of Securities that an Eligible Shareholders is entitled to subscribe for pursuant to its Entitlement relative to the number of Shortfall Securities that it has applied for;
- the total number of Shortfall Securities available for subscription; and
- the number of Shares held by an Eligible Shareholder after the completion of the Offers.

The Board will give priority to Shareholders who, after the allocation of their Entitlement, would not hold a marketable parcel of Shares without being allocated a sufficient number of Shortfall Securities under the Shortfall Offer. Otherwise, the Board anticipates that should it receive applications for Shortfall Securities in excess of the number of Securities available for subscription under the Shortfall Offer, it will cap or scale back allocations of Shortfall Securities on a pro-rata basis having regard to each Eligible Shareholders respective holding of Shares as at the Record Date. In any event:

- the number of Shortfall Securities available under the Shortfall Offer will not exceed the Shortfall;
- no Shortfall Securities will be issued to an Eligible Shareholder pursuant to the Shortfall Offer which would, if issued, result in them increasing their voting power in the Company above 20%; and
- no Shortfall Securities will be issued if their issue would contravene any law (including the takeover prohibition in section 606 of the Corporations Act) or any Listing Rule.

For the avoidance of doubt, the Board reserves the discretion to cap the Shortfall allocated to Eligible Shareholders under the Shortfall Offer and issue the balance of the Shortfall during the three month period following the Closing Date. In exercising this discretion, the Board will take into account a number of factors including recommendations of the Underwriter to place the Shortfall, ensuring the Company has an appropriate and optimal Shareholder base, which may be achieved through strategic investors increasing their interests, or by the introduction of new potential long-term or cornerstone investors.

There is no guarantee of any allocation of Shortfall Securities, or that applications for Shortfall Securities will be satisfied in full. Excess Application Monies for the Shortfall Offer will be refunded without interest. It is a term of the Shortfall Offer that, should the Company scale back applications for Shortfall Securities, the Applicant will be bound to accept such lesser number allocated to them.

Shares issued under the Shortfall Offer will be issued as fully paid ordinary shares and will rank equally in all respects with existing Shares on issue. A summary of the rights and liabilities attaching to the Shares offered under the Shortfall Offer is in section 6.7.

See Section 6.8 for a summary of the rights and liabilities attaching to the New Options offered under the Shortfall Offer. All shares issued upon the exercise of the New Options will rank equally with the Shares on issue at the date of this Prospectus, as summarised in Section 6.7.

1.2.2 Underwriter Offer

In accordance with the Underwriting Agreement, the Company has agreed to issue Underwriter Options to the Underwriter (or its nominees) for the provision of its services as underwriter to the Entitlement Offer (**Underwriter Offer**). See section 5.1 for a summary of the material terms of the Underwriting Agreement.

The Offer of 2,300,000,000 Underwriter Options to the Underwriter is being made pursuant to this Prospectus.

The issue of the Underwriter Options to the Underwriter is subject to, and conditional upon, the Company obtaining Shareholder approval. The Company intends to seek shareholder approval as soon as is practicable following completion of the Entitlement Offer.

The Underwriter Offer cannot be accepted by any person or entity other than the Underwriter (or its nominee). An Application Form in relation to the Underwriter Offer will be issued to the Underwriter (or its nominee) together with a copy of this Prospectus.

See Section 6.9 for a summary of the rights and liabilities attaching to the Underwriter Options offered under the Underwriter Offer. All shares issued upon the exercise of the Underwriter Options will rank equally with the Shares on issue at the date of this Prospectus, as summarised in Section 6.7.

1.2.3 Noteholder Offer

As announced on 7 April 2021, the Company has entered into various Convertible Note Agreements with the nominees of Craig Smith-Gander and Xavier Kris, each a Director of the Company, Sunset Capital Management Pty Ltd (**Sunset Capital**) a related party of the Underwriter, the Merchant Opportunities Fund (**MOF**), a related entity of Merchant Group Pty Ltd (**Merchant**), and Aredebeco Pty Ltd (together, the **Noteholders**) to raise approximately \$500,000 (before costs) through the issue of 500,000 Convertible Notes, each with a face value of \$1.00 (**Convertible Notes**). See Section 5.4 for a summary of the material terms of the Convertible Note Agreements.

Conversion of the Convertible Notes, and the subsequent issue of Shares and New Options, is subject to, and conditional upon, the Company obtaining shareholder approval. The Company intends to seek shareholder approval as soon as is practicable following completion of the Entitlement Offer, and no Securities will be issued to the Noteholder unless and until such shareholder approval has been obtained.

Upon conversion of the Convertible Notes, each Noteholder will be entitled to receive one free attaching New Option for every 2 Shares issued. Conversion of the Convertible Notes will result in the issue of up to 500,000,000 Shares and 250,000,000 New Options to the Noteholder (together, the **Conversion Securities**). It is an express term of the Convertible Note Agreements that no Conversion Securities will be issued to a Noteholder if such issue would cause a Noteholder to breach section 606(1) of the Corporations Act. In such instances, the Convertible Notes held by the relevant Noteholder will be repaid and cancelled by the repayment of the face value of those Convertible Notes.

The offer of up to 250,000,000 New Options to the Noteholders is being made pursuant to this Prospectus (**Noteholder Offer**).

The Noteholder Offer cannot be accepted by any person or entity other than a Noteholder (or their respective nominees). A Noteholder Application Form in relation to the Noteholder Offer will be issued to the Noteholder (or their respective nominees) together with a copy of this Prospectus.

See Section 6.8 for a summary of the rights and liabilities attaching to the New Options offered under the Noteholder Offer. All shares issued upon the exercise of the New Options will rank equally with the Shares on issue at the date of this Prospectus, as summarised in Section 6.7.

1.3 Proposed use of funds

The purpose of the Entitlement Offer is to raise approximately \$4,146,647 (before costs). The Company intends to use this amount in addition to the \$500,000 raised through the Convertible Note Agreements as follows:

Item	Amount
Streamlining of manufacturing and supply chain processes ¹	\$1,003,500
Enhancing e-commerce platform to delivery of products ²	\$1,000,000
Business Development ³	\$500,000
Enhancing the FLY product suite ⁴	\$500,000
Enhance functionality for the upRIDE community platform ⁵	\$500,000
Working capital ⁶	\$833,147
Costs of the Entitlement Offer (excluding GST) ⁷	\$310,000
Total	\$4,646,647

Notes:

- 1 Source additional manufacturing capabilities, which will involve up front retooling costs and deposits for critical componentry and large scale orders.
- 2 Rebuild e-commerce platform with the latest technology and sourcing new complementary products to sell to the Company's existing customer base.
- 3 Develop marketing and business development strategies to sell the Company's products into the North American market .
- 4 Continued product upgrades to meet market expectations, in particular wifi and Bluetooth capabilities for the Company's FLY6 products.
- 5 Improve the Company's upRIDE web offering to allow simpler uploading of content to the site, enhancement of the site and improved social media awareness.
- 6 Working capital may include settlement of the Letters of Demand (if applicable), wages, payments to contractors, rent and outgoings, insurance, accounting, audit, legal and listing fees, payments to creditors, interest payments, other items of a general administrative nature and cash reserves but excludes sales which may be used in connection with the Company's activities, as determined by the Board at the relevant time.
- 7 See Section 6.15 for further details.

The above table is a statement of the Board's current intention at the date of this Prospectus. However, investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of exploration, operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Company reserves the right to alter the way the funds are applied.

1.4 Eligible Shareholders

For the purposes of the Entitlement Offer, **Eligible Shareholders** are those persons who:

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

1.4.1 Ineligible Shareholders

Shareholders who are not Eligible Shareholders are **Ineligible Shareholders**.

This Prospectus, and any accompanying Application Form, do not, and are not intended to, constitute an offer of Shares or New Options in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus or the Shares under the Rights Issue.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

In accordance with Listing Rule 7.7.1, the Company has determined that it would be unreasonable to extend the Entitlement Offer to Ineligible Shareholders, having regard to:

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

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

1.4.2 Sale of Ineligible Shareholders' rights

For the purpose of Listing Rule 7.7.1(c) the Company has appointed CPS Capital as nominee to sell the Entitlements which would be offered to Ineligible Shareholders if they were Eligible Shareholders and to account to for the Ineligible Shareholders portion of the sale proceeds net of expenses. CPS Capital will not be paid a fee by the Company in respect of its role as nominee, although will be entitled to commission upon the sale of the Entitlements.

Pursuant to the above arrangement, CPS Capital will, during the Rights Trading Period, offer the Entitlements for sale on the market conducted by the ASX as soon as is reasonably practicable following their allotment. In the event the Entitlements are unable to be sold on the ASX (including due to there being no market for the Entitlements), CPS Capital may also seek out opportunities to sell the Entitlements off-market. The net proceeds of the sale, after deducting all reasonable costs associated with the sale, will be provided to the Company for the benefit of the Ineligible Shareholders.

The net proceeds of the sale of these Entitlements will then be forwarded by the Company as soon as practicable to the Ineligible Shareholders, on a pro rata basis, in Australian currency (after deducting brokerage commission and other expenses). If any such net proceeds of the sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company.

Notwithstanding that CPS Capital will use its best endeavour to sell Ineligible Shareholders' Entitlements, Ineligible Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds. In addition, there is no guarantee CPS Capital will be able to sell Ineligible Shareholders' Entitlements.

1.4.3 New Zealand offer restrictions

The Shares and New Options are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand at the Record Date to whom the offer of Shares 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 not been registered, filed with or approved by any New Zealand regulatory authority. This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

1.5 Nominees and custodians

Shareholders resident in Australia or New Zealand holding Securities on behalf of any persons who are resident in other jurisdictions are responsible for ensuring that applying for Securities under the Entitlement Offer does not breach any laws of any relevant overseas jurisdiction. If an investor returns an Application Form, the Company will take this as a representation that there has been no breach of any laws of any relevant overseas jurisdiction.

1.6 Offer period

The Entitlement Offer will open on the Opening Date and close on the Closing Date.

The Shortfall Offer will remain open after the Closing Date for up to 3 months from the date of this Prospectus, unless closed earlier at the discretion of the Directors.

1.7 Rights trading

The Entitlement to Shares under the Entitlement Offer is renounceable, which enables Eligible Shareholders who do not wish to take up some or all of their Entitlements to sell or otherwise transfer all or part of their Entitlement. Rights Trading will commence on 21 April 2021 and is expected to end on 3 May 2021.

1.8 Minimum subscription

The minimum subscription amount for the Entitlement Offer is equal to the Underwritten Amount.

1.9 Oversubscriptions

The Entitlement Offer does not allow for oversubscriptions.

1.10 Underwriting and sub-underwriting

The Entitlement Offer is fully underwritten by the Underwriter. The Underwriting Agreement is subject to certain conditions and circumstances under which the Underwriter may terminate its obligations. See section 5.1 for a summary of the Underwriting Agreement.

The Underwriter has entered into sub-underwriting arrangements with various sub-underwriters, including Merchant, a related entity of the MOF, which is a substantial shareholder of the Company, and Celtic Capital Pty Ltd (**Celtic Capital**), a related party of the Underwriter (together, the **Sub-Underwriters**). In accordance with the Underwriting Agreement, the Underwriter will ensure that no sub-underwriter will acquire, through participation in sub-underwriting the Offer, a holding of Shares of, or increase in their holding to an amount in excess of 19.9% of all Shares on issue on completion of the Entitlement Offer unless this is expressly contemplated and disclosed in the Prospectus. Merchant and Celtic Capital have each committed to sub-underwrite the Entitlement Offer for \$1,849,404.39 each.

Depending on the level of acceptances by Eligible Shareholders of their Entitlements, the take up of the Underwritten Securities by the Sub-Underwriters may result in each of their respective relevant interests in the Company exceeding 20%. If this is the case, the Sub-Underwriters intend to rely on the exception to the prohibition under section 606 of the Corporations Act provided by item 13 of section 611. See to Section 2.3 for further details.

If for any reason the Underwriting Agreement is terminated before completion, the Company reserves the right to place the Shortfall at its discretion pursuant to the Shortfall Offer.

1.10.1 Sub-underwriting by Directors

As announced on 14 April 2021, the nominees of Directors, Craig Smith-Gander and Xavier Kris, have entered into sub-underwriting agreements pursuant to which they have each agreed to sub-underwrite the Entitlement Offer (**Sub-underwriting Agreements**). Pursuant to the Sub-underwriting Agreements:

- Mr Smith-Gander has agreed to sub-underwrite the Entitlement Offer up to \$50,000; and
- Mr Kris has agreed to sub-underwrite the Entitlement Offer up to \$25,000.

The Company considers that shareholder approval is not required for the issue of any securities issued to Mr Smith-Gander and Mr Kris as a result of their sub-underwriting in accordance with Listing Rule 10.12 (Exception 2). Refer to section 5.2 for a summary of the material terms of the Sub-Underwriting Agreements and section 6.11 for details of the potential effects of the sub-underwriting on the relevant interests of Mr Smith-Gander and Mr Kris.

1.10.2 Capital raising and underwriting fees

The Underwriter will receive a fee equal to 6% (exclusive of GST) of the total Underwritten Amount. In addition, the Underwriter (and/or its nominees) will receive:

- 2,300,000,000 Underwriter Options; and
- a monthly retainer of \$5,000 per month payable for a minimum period of 12 months following completion of the Entitlement Offer.

See sections 5.1 and 5.3 and for a summary of the Underwriting Agreement and Mandate respectively.

No capital raising fees will be paid with respect to the Additional Offers.

In addition, the Underwriter assisted the Company in raising \$500,000 through the issue of the Convertible Notes. The Underwriter has been paid fees totalling \$30,000 (plus GST) with respect to raising the funds pursuant to the issue of the Convertible Notes.

1.11 Quotation

The Company will apply to ASX within 7 days after the date of this Prospectus for quotation of the Securities (including New Options) offered under this Prospectus. If approval for quotation of the Securities is not granted within 3 months after the date of this Prospectus (or any later time permitted by law), the Company will not issue any Securities under the Entitlement Offer.

Quotation of the New Options and Underwriter Options to be issued pursuant to the Noteholder Offer and Underwriter Offer respectively will be subject to, and conditional upon, the Company obtaining shareholder approval as set out in sections 1.2.2 and 1.2.3 above.

1.12 Issue date

An issue of Securities under this Prospectus is anticipated to occur in accordance with the timetable set out in this Prospectus. Following this, holding statements will be sent to investors as required by ASX. It is the responsibility of investors to determine their allocation prior to trading in the Securities. Investors who sell their securities before they receive their holding statement will do so at their own risk.

1.13 CHESS and issuer sponsorship

The Company operates an electronic CHESS sub-register and an electronic issuer sponsored sub-register. These two sub-registers will make up the Company's register of Shares.

The Company will not issue certificates to security holders. Rather, holding statements (similar to bank statements) will be sent to security holders as soon as practicable after the issue date. Holding statements will be sent either by CHESS (for security holders who elect to hold Shares on the CHESS sub-register) or by the Share Registry (for security holders who elect to hold Shares on the issuer sponsored sub-register). The statements will set out the number of securities issued under this Prospectus and the Holder Identification Number (for security holders who elect to hold Shares on the CHESS sub register) or Shareholder Reference Number (for security holders who elect to hold Shares on the issuer sponsored sub-register). Updated holding statements will also be sent to a security holder following the month in which the balance of its security holding changes, and otherwise as required by the Listing Rules and the Corporations Act.

1.14 Privacy

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

In accordance with privacy laws, information collected in relation to specific Shareholders can be obtained by that Shareholder through contacting the Company or the Share Registry.

1.15 Tax

It is the responsibility of all investors to satisfy themselves of the particular tax treatment that applies to them in relation to the Entitlement Offer, by consulting their own professional tax advisers. Neither Company or its Directors accept any liability or responsibility in respect of any tax consequences to an investor relating to this Prospectus.

1.16 Enquiries

Enquiries relating to this Prospectus can be directed to the Company at info@cycliq.com or by contacting the Company Secretary by telephone on +61 8 6555 2950.

2 Effect of the Offers

2.1 Cash reserves

The Company is seeking to raise \$4,146,647 under the Entitlement Offer. After estimated costs of \$310,000, the Company's cash reserves upon completion of the Entitlement Offer and the issue of the Convertible Notes are expected to increase from approximately \$1,383,793 (as at 31 December 2020) to \$3,924,363 (after deduction the expected costs of the Entitlement Offer).

Funds raised from the Entitlement Offer and the issue of the Convertible Notes are proposed to be used in accordance with section 1.3.

2.2 Capital structure

The capital structure of the Company at the date of this Prospectus, and its anticipated capital structure upon completion of the Entitlement Offer, is set out below.

Security	Existing	Completion
Shares	2,303,692,563	6,450,339,176
Total Shares¹	2,303,692,563	6,450,339,176
Options	192,571,430 ²	4,565,894,737
Total Options	192,571,430	4,565,894,737³
Performance Shares ⁴	10,000,000	10,000,000
Convertible notes ⁵	500,000,000	500,000,000
Unquoted warrants ⁶	142,857,143	142,857,143
Fully diluted Share capital	3,149,121,136	11,669,091,056

Notes:

- 1 These amounts assume that no Securities will be issued, exercised or converted prior to the Record Date. It is also anticipated that a further 500,000,000 Shares will, subject to Shareholder approval, be issued upon the conversion of the Convertible Notes. Shareholder approval is expected to be sought as soon as is practicable following completion of the Entitlement Offer. No Shares will be issued upon conversion of the Convertible Notes if it would result in a breach of section 606(1) of the Corporations Act. Instead, the Company will be required to repay the face value of the Convertible Note in cash to the Noteholder.
- 2 Comprising:
 - 49,665,670 unquoted Options exercisable at \$0.012 on or before 26 November 2021;
 - 33,941,473 unquoted Options exercisable at \$0.012 on or before 17 December 2021;
 - 4,642,858 unquoted Options exercisable at \$0.012 on or before 22 January 2022;
 - 2,321,429 unquoted Options exercisable at \$0.012 on or before 1 May 2022; and
 - 102,000,000 unquoted Options exercisable at \$0.004 on or before 24 December 2022.
- 3 The aggregate number of Options to be issue on completion of the Entitlement Offer will consist:
 - 192,571,430 unquoted Options on the same terms and conditions as set out in in Note 2 above;
 - 2,073,323,307 New Options issued pursuant to the Entitlement Offer;
 - 250,000,000 New Options issued pursuant to the Noteholder Offer; and
 - 2,300,000,000 Underwriter Options issued pursuant to the Underwriter Offer.

As set out in sections 1.2.2 and 1.2.3 above, the issue of the New Options to the Noteholders and the Underwriter Options to the Underwriter are subject to, and conditional upon, the Company obtaining shareholder approval. The

Company intends to obtain shareholder approval as soon as is practicable following completion of the Entitlement Offer, and in any case within 3 months following the date of this Prospectus.

- 4 The Performance Shares are unquoted and convert upon the Company satisfying either one of the following milestones:

- reporting consolidated EBITDA of at least \$3,000,000; or
- reporting consolidated revenue of at least \$30,000,000,

prior to 30 June 2021. The Performance Shares convert into Shares in the Company based on a deemed issue price of the higher of \$0.02 and the 20 day VWAP for Shares calculated over the 20 trading days on which trades in the Company's Shares are recorded immediately before a milestone is satisfied. The Performance Shares may be converted to a maximum of 200,000,000 Shares upon the relevant milestone being met.

- 5 The Convertible Notes have a deemed aggregate face value of \$500,000 and will automatically be converted into Shares upon the Company obtaining Shareholder approval. The figures above represent the maximum number of Shares that may be issued if the Convertible Notes are converted into Shares. No Shares will be issued upon conversion of the Convertible Notes if it would result in a breach of section 606 of the Corporations Act. Instead the Company will be required to repay the face value of the Convertible Note in cash to the relevant Noteholder.

- 6 Comprising:

- 67,857,143 unquoted warrants exercisable at \$0.007 each on or before 29 March 2026. There is a put option over the entire 67,857,143 warrants whereby the holder of the warrants has the option to require the Company to repurchase the warrants in lieu of exercising the warrants for \$400,000 upon a sale, change of control or expiration of the relevant warrants; and
- 75,000,000 unquoted warrants exercisable at \$0.001 each on or before 31 October 2026.

2.3 Control

The maximum total number of Securities proposed to be issued under the Entitlement Offer is 4,146,646,613 Shares and 2,073,323,307 free attaching New Options. The Shares issued pursuant to the Entitlement Offer will constitute approximately 64.29% of the Shares on issue following completion of the Entitlement Offer (assuming no Shares are issued or convertible securities exercised or converted to Shares prior to the Record Date).

As at the date of this Prospectus, the MOF is the largest shareholder of the Company with a relevant interest in 365,000,000 Shares which represents a voting power of 15.84%.

No Eligible Shareholder will increase their voting power in the Company to 20% or more under the Entitlement Offer.

Notwithstanding that CPS Capital has been appointed to deal with Ineligible Shareholders' Entitlements (see section 1.4.2), no nominee has been appointed for Ineligible Shareholders under section 615 of the Corporations Act and, 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 their Entitlement or additional Shares under the Shortfall Offer, they will not be permitted to increase their voting power:

- from 20% or below 20% to above 20%; or
- from a starting point of above 20% and below 90%,

as a result of accepting their Entitlement under the Offer without breaching section 606(1) of the Corporations Act.

As a consequence, the Company will not issue Shares to any Applicant or other person if the result of any such issue would result in any person (and that person's associates) acquiring a relevant interest contrary to section 606 of the Corporations Act. This may result in the Company scaling back applications from Eligible Shareholders to ensure that no breach of section 606 of the Corporations Act occurs.

Without limiting the above, it is the responsibility of Eligible Shareholders to ensure that their participation under the Offer does not result in them breaching section 606 of the Corporations Act. Eligible Shareholders, by lodging applications for Shares, acknowledge and accept the right and obligation of the Company to not allot or issue Shares to them which would result in any breach by them of section 606 of the Corporations Act and direct the Company to so act. Eligible Shareholders

who may be at risk of exceeding the 20% voting power threshold in section 606 as a result of acceptance of their Entitlement should seek professional advice before completing and returning their Application Form.

As set out in section 1.10, the Entitlement Offer of 4,146,646,613 Shares and 2,073,323,307 free attaching New Options is fully underwritten by the Underwriter (**Underwritten Securities**). As at the date of this Prospectus, the Underwriter holds no Shares in the Company (and it has indicated that it has no intention of acquiring Shares in the Company prior to the Record Date) and 1,500,000 unquoted options exercisable at \$0.0012 on or before 26 November 2021. In addition, the Underwriter will receive 2,300,000,000 Underwriter Options as part of its fee pursuant to the Underwriting Agreement. See section 5.1 for a summary of the Underwriting Agreement.

The extent to which Securities are issued to the Underwriter as a result of underwriting the Entitlement Offer will affect the Underwriter's voting power in the Company. The Underwriter is not a related party of the Company for the purpose of the Corporations Act. The Underwritten Securities may be taken up by sub-underwriters of the Underwriter in accordance with the Underwriting Agreement.

If the scenario arises whereby the Underwriters voting power increases to more than 20% as a result of the underwriting, the Underwriter intends to rely on the exception in Item 13 of section 611 which is available to be relied upon for an acquisition that results from an issue of securities to a person as underwriter or sub-underwriter when:

- the issue is made under a disclosure document; and
- the effect of the acquisition on the person's voting power is disclosed in the disclosure document.

As noted in section 1.10, Celtic Capital, a related party of the Underwriter, has provided a sub-underwriting commitment of up to \$1,849,404.39. The maximum potential relevant interest of the Underwriter as a result of underwriting (and sub-underwriting) the Entitlement Offer is set out below (assuming no additional Shares are allocated to Eligible Shareholders under the Shortfall Offer).

Take up by Shareholders	Underwritten Shares	Underwritten New Options	Shares held on completion	Voting power on completion ¹
Fully subscribed	Nil	Nil	Nil	0%
75% subscribed by Shareholders	462,351,097	231,175,548	462,351,097	7.17%
50% subscribed by Shareholders	924,702,194	462,351,097	924,702,194	14.34%
25% subscribed by Shareholders	1,387,053,290	693,526,645	1,387,053,290	21.50%
0% subscribed by Shareholders (i.e. Underwritten Securities only)	1,849,404,387	924,702,193	1,849,404,387	28.67%

Notes:

- 1 In addition, Sunset Capital, a related party of the Underwriter, has entered into a Convertible Note Agreement with the Company for the issue of 223,000 Convertible Notes pursuant to which Sunset Capital may, subject to Shareholder approval, be issued up to 223,000,000 Shares and 111,500,000 New Options upon conversion of the Convertible Notes. The issue of Shares and New Options upon conversion of the relevant Convertible Notes is subject to, and conditional upon, the issue of the relevant Shares not resulting in Sunset Capital being in breach of the takeover prohibition under section 606(1) of the Corporations Act. See Section 5.4 for further details.

As noted in Section 1.10, the MOF, which at the date of this Prospectus, holds a relevant interest of 15.84% in the Company, has provided a sub-underwriting commitment of up to \$1,849,404.39 to the Underwriter.

The maximum potential relevant interest of Merchant as a result of sub-underwriting the Entitlement Offer is set out below (assuming Merchant does not exercise any Options or acquire any Shares in the Company prior to the Record Date and no additional shares are allocated to Eligible Shareholders under the Shortfall Offer).

Take up by Shareholders	Sub-underwritten Shares	Sub-underwritten New Options	Shares held on completion	Voting power on completion ^{1,2}
Fully subscribed	Nil	Nil	365,000,000	15.84%
75% subscribed by Shareholders	426,351,097	231,175,548	791,351,097	12.27%
50% subscribed by Shareholders	924,702,194	462,351,097	1,289,702,194	19.99%
25% subscribed by Shareholders	1,387,053,290	693,526,645	1,752,053,290	27.16%
0% subscribed by Shareholders	1,849,404,387	924,702,193	2,214,404,387	34.33%

Notes:

- 1 In addition, Merchant Opportunities Fund, a fund managed by Merchant, has entered into a Convertible Note Agreement with the Company pursuant to which Merchant Opportunities Fund may, subject to Shareholder approval, be issued up to 223,000,000 Shares and 111,500,000 New Options upon conversion of the Convertible Note. The issue of Shares and New Options upon conversion of the relevant Convertible Notes is subject to, and conditional upon, the issue of the relevant Shares not resulting in Merchant being in breach of the takeover prohibition under section 606(1) of the Corporations Act. Refer to section 5.4 for further details.
- 2 Assuming all Shares are issued upon conversion of the Convertible Notes, Merchant takes up its full entitlement under the Entitlement Offer and no Options or other convertible securities are converted into Shares prior to the Record Date, the maximum potential voting power of Merchant would increase to 37.79%. Since Merchant holds over 10% of the issued capital of the Company, it falls within Listing Rule 10.1 and as such, in accordance with Listing Rules 10.11 and 10.12 (Exception 1) cannot participate in the Shortfall Offer, without first obtaining shareholder approval.

Depending on the level of acceptances by Eligible Shareholders of their Entitlements, the level of acceptances by Eligible Shareholders of Shortfall Shares under the Shortfall Offer and the take up of Underwritten Securities by the Sub-Underwriters may result in Merchant and the Underwriters voting power theoretically exceeding 20%. If this is the case, each of Merchant and the Underwriter intends to rely on the exception to the prohibition under section 606 of the Corporations Act provided by item 13 of section 611 which extends to sub-underwriters.

No Shares will be issued under this Prospectus if the issue of Shares would contravene the takeover prohibition in section 606(1) of the Corporations Act.

2.4 Measures the Board have taken to mitigate potential control issues

In accordance with Takeover Panel Guidance Note 17, the Company has implemented the following measures to mitigate any potential control effects as outlined in section 2.3 above:

- opted to undertake a renounceable entitlement offer, rather than a non-renounceable entitlement offer (and the Board considers there is likely to be an active market for trading of Entitlements);
- included a Shortfall Offer as a separate offer under this Prospectus, in order to reduce the number of Shares that are potentially issued to the Underwriter and Merchant (see section 1.2.1); and

- will ensure that no shareholder, through participation in the Entitlement Offer or the Shortfall Offer, breaches the takeover prohibition under section 606(1) of the Corporations Act.

2.5 Potential dilution to Shareholders

Shareholders should note that if they do not participate in the Entitlement Offer, their holdings are likely to be diluted. Examples of how the dilution may impact Shareholders (assuming no Shares are issued or convertible securities exercised or converted to Shares prior to the Record Date) are set out in the table below.

Holder	Holding at Record Date	Voting power at Record Date	Entitlement under Entitlement Offer on 1.8 for 1 basis	Voting power on completion if Entitlement not taken up
Shareholder 1	100,000,000	4.34%	180,000,000	2.79%
Shareholder 2	50,000,000	2.17%	90,000,000	0.77%
Shareholder 3	10,000,000	0.43%	18,000,000	0.15%
Shareholder 4	5,000,000	0.22%	9,000,000	0.08%

Notes:

- 1 The dilutionary effect shown in the table is the maximum percentage on the assumption that those entitlements not accepted are fully taken up by the Underwriter.

2.6 Financial position

Set out below is the reviewed statement of financial position at 31 December 2020 and an unaudited pro forma statement of financial position at 31 December 2020. The pro forma statement of financial position has been prepared on the basis and assumption that there have been no material movements in the assets and liabilities of the Company between 31 December 2020 and completion of the Entitlement Offer other than:

- the issue of 500,000 Convertible Notes with a deemed aggregate face value of \$500,000;
- the issue of 4,146,646,613 Shares under the Entitlement Offer, which will raise approximately \$4,146,647 in cash (before costs); and
- the estimated costs of \$310,000 under the Entitlement Offer, which is shown as a deduction against issued capital.

The historical and pro forma financial information is presented in an abbreviated form, and it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	REVIEWED 31 December 2020 \$	UNAUDITED PRO FORMA 31 March 2021 US\$
CURRENT ASSETS		
Cash	1,383,793	3,924,363
Trade and receivables	430,418	430,418
Inventories	30,682	30,682
Prepayments	704,188	831,212
TOTAL CURRENT ASSETS	2,549,081	5,216,675
NON-CURRENT ASSETS		
Plant & equipment	10,988	10,988
Intangible assets	434,712	434,712
TOTAL NON-CURRENT ASSETS	445,700	445,700
TOTAL ASSETS	2,994,781	5,662,375
CURRENT LIABILITIES		
Trade and other payables	977,520	1,005,540
Unearned Revenue	2,482,928	1,090,226
Provisions	122,198	122,198
Borrowings	787,897	1,067,897
TOTAL CURRENT LIABILITIES	4,370,543	3,285,861
TOTAL LIABILITIES	4,370,543	3,285,861
NET ASSETS / (deficiency)	(1,375,762)	2,376,514
EQUITY		
Issued capital	14,807,381	18,633,361
Reserves	601,215	601,215
Accumulated losses	(16,764,308)	(1,838,012)
Parent entity interest	(1,355,712)	2,396,564
Minority interest	(20,050)	(20,050)
TOTAL EQUITY	(1,375,762)	2,376,514

3 Risk Factors

3.1 Overview

An investment in Securities offered under this Prospectus should be regarded as speculative. Activities in the Company and its controlled entities, as in any business, are subject to risks, which may impact on the Company's future performance. The Company and its controlled entities have implemented appropriate strategies, actions, systems and safeguards for known risks, however, some are outside its control.

The Company considers that the matters summarised in this section 3, which are not exhaustive, represent some of the major risk factors which Shareholders need to be aware of in evaluating the Company's business and risks of increasing your investment in the Company. Investors should carefully consider the following factors in addition to the other information presented in this Prospectus.

3.2 Specific risks

3.2.1 Litigation risk

Due to the nature of the Company's business it may be exposed to potential litigation in the ordinary course of its business from time to time. As set out in section 6.3, the Company has received Letters of Demand from:

- Glory Horse with respect to various amounts owing pursuant to a settlement deed between the Company and Glory Horse; and
- each Former CEO of the Company with respect to various amounts owing with respect to accrued bonus payments, accrued and unpaid leave entitlements and accrued fees for consultancy services.

The Company is currently in the preliminary stages of negotiations with Glory Horse, each Former CEO and their respective legal advisers regarding a proposed settlement of the amounts outstanding. In the event a settlement cannot be reached, there is a risk that the Company may become party to legal proceedings commenced by Glory Horse or either Former CEO to recover the outstanding sums allegedly owing by the Company. Although the Company expects that a settlement will be reached, in the event legal proceedings are commenced against the Company this may adversely impact the Company's cash flows, however the Board considers that any such impact would not be material.

As at the date of this Prospectus, there are no current legal proceedings affecting the Company and the Directors are not aware of any legal proceedings pending or threatened against or affecting the Company, other than as set out above.

3.2.2 Manufacturer and supplier risk

Cycliq does not have internal manufacturing capabilities and relies on contractors to manufacture the products. Cycliq currently relies on two manufacturers both of which are located in mainland China for each of Cycliq's products, being the FLY6 and FLY12.

Any termination or significant damage to the arrangements with Cycliq's manufacturing partners could affect Cycliq's ability to manufacture its products and meet customer demand until a replacement contractor can be engaged.

Operational difficulties may arise with manufacturers, including reductions in the availability of production capacity, errors in complying with product specifications, insufficient quality control, failures to meet production deadlines, increases in manufacturing costs and increased lead times. Industrial action or workforce issues with contract manufacturers may lead to delays in the production of the products. The price of components for Cycliq products could also increase reducing

the margin per product. If there are delays in product development due to contracted manufacturers or suppliers, it could mean a delay in the release of products which could have a negative effect on revenues.

The engagement of additional manufacturing contractors may assist Cycliq in managing and reducing some of these risks.

Whilst Cycliq does not control contracted manufacturers or suppliers, Cycliq requires contracted manufacturers and suppliers to comply with their formal supplier code of conduct and relevant standards and have ongoing audit programs in place to assess compliance with such requirements.

3.2.3 Termination of Underwriting Agreement

The Underwriting Agreement includes various termination events, the occurrence of which enable the Underwriter to elect to terminate the Underwriting Agreement.

In the event that the Underwriting Agreement is terminated, the Entitlement Offer will not be fully underwritten and may not raise the full amount intended. If the Underwriting Agreement is terminated, the Directors may determine not to proceed with the Entitlement Offer.

3.2.4 Going concern

The Company's half year interim financial report for the half year period ended 31 December 2020 includes an emphasis of matter statement that there is a material uncertainty about the Company's ability to continue as a going concern.

Since 31 December 2020, the Company has entered into a Convertible Note Agreements with directors of the Company and other unrelated professional and sophisticated investors to raise \$500,000. Refer to Section 5.4 for further details on the Convertible Note Agreements.

Upon Completion of the Entitlement Offer, and having regard to a number of cost saving initiatives that have been or are to be implemented by the Company, the Company considers that it has sufficient funds to adequately meet its current expenditure commitments and working capital requirements for 24 months.

3.2.5 Future capital needs

Additional funding may be required by the Company to effectively implement its business and operations plans in the future, to take advantage of other business opportunities, and to meet any unanticipated liabilities or expenses which it may incur.

Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. There is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its business. Further, if adequate funds are not available on acceptable terms, it may impact the ability of the Company to continue as a going concern.

3.2.6 Competition and new technologies

The industry in which Cycliq is involved is subject to increasing domestic and global competition which is fast paced and continuously changing. Whilst the Company will undertake all reasonable and appropriate due diligence prior to making business and operations decisions, Cycliq has no influence or control over the activities or actions of its competitors, whose activities or actions may positively or negatively affect the operating and financial performance of the Company's business operations.

The size and financial strength of some of Cycliq's competitors may make it difficult for it to maintain a competitive position in the technology market. In particular, Cycliq's ability to acquire additional

technology interests could be adversely affected if it is unable to respond effectively and/or in a timely manner to the strategies and actions of competitors and potential competitors or the entry of new competitors into the market. This may in turn impede the financial condition and rate of growth of the Company.

3.2.7 Customer retention and attraction to the Cycliq Technology

The Company's revenue is impacted by its ability to attract customers to the Cycliq Technology. Various factors can affect the level of customers using the Cycliq Technology, such as, marketing and promotions, reputation, and pricing. There is no guarantee that the Company's marketing strategies will continue to be successful to maintain and improve the take up of its products by customers in the future.

3.2.8 Customer concentration risk

Over reliance upon key customers may, in the event of termination or non-renewal of any arrangements, create revenue volatility. The Company is conscious of customer concentration risk and the need to diversify its customer base. However, entry into large contracts with customers may skew the concentration of revenues, increasing the risk that non-renewal could have a larger impact on future earnings.

The Company also relies on third party distributors for the sale of its products, and these distributors account for a large portion of revenue of the Company. If any of these distributors were order less products, or experience their own difficulties, it could have a negative impact on the Company's revenues.

3.2.9 Staff risk

There is a risk that, where there is a turnover of development staff who have knowledge of the technology and business, that knowledge will be lost in the event that those staff resign or retire. This involves the risk that those staff will have information in respect of the Company's intellectual property which has a commercial value to the Company as well as an opportunity cost for replacement of those staff and subsequent training.

This risk is mitigated as the Company has historically had low levels of staff turnover in the development teams. In addition, all staff contracts contain express provisions with respect to ownership of intellectual property and restraints of trade to limit any potential loss suffered by the Company to the maximum extent possible.

3.2.10 Limited operating history

The Company has a limited operating history and the potential of its business model is unproven. No assurances can be given that the Company will achieve commercial viability through the successful implementation of its business plans.

3.2.11 Historical financial performance is not indicative of future growth

The Company's historical financial performance does not provide an indication on future growth. If future revenues are lower than expected and costs are higher than expected this could reduce profits and result in greater losses.

The Company is a growing and historically has operated on financial losses. Financial losses may continue for a number of years while Cycliq continues to establish its brand and products, requiring additional capital. The amount of capital required to continue business operations or generate enough revenue to bring the Company into a profitable financial position could require more cash than it has available. Accordingly, the Company may require additional funding. There is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

3.2.12 Failure to deal with growth

The Company's business has the potential to grow rapidly. If that occurs and the Company fails to properly manage that growth, then this may harm the business. Any failure to properly meet customer demand could adversely affect the Company's business, including demand for Cycliq's products, the Company's revenue and customer satisfaction.

3.2.13 Risks associated with overseas expansion

The Cycliq technology has been constructed so as to be capable of being utilised in, and marketed to, overseas jurisdictions. The Company generates much of its revenue from sales in international jurisdictions. As the Company seeks to expand into further overseas markets, it may require a physical presence in those markets and an associated increase in overheads, development costs and marketing costs.

There is the risk that any overseas expansion will be unsuccessful, or that even if there is demand for the Company's products in that market that the costs of doing business in that market are such that the Company's profitability and available working capital will be adversely impacted.

3.2.14 Foreign jurisdiction risk

The financial performance of each of the Company's operations in so far as they rely on suppliers from foreign jurisdictions may be adversely impacted by current or future fiscal or regulatory regimes, local laws and regulations or changes to the economic, political, judicial, administrative and security, climate or policies in those geographies.

Any operations of the Company are subject to a number of risks, including (but not limited to):

- Potential difficulties in enforcing agreements and collecting receivables in overseas jurisdictions;
- Potential difficulties in protecting rights and interests in assets;
- Changes in costs of shipping and transportation; and
- The imposition of quotas, tariffs or other taxes.

Any of the above factors may materially adversely affect the Company's business operations.

3.2.15 Inventory Risk

To ensure there is an appropriate amount of inventory for each of the product lines, Cycliq forecast the anticipated demand for each product in advance of demand. This means placing orders with suppliers well in advance of requiring the products. If inventory management is not managed correctly, it could lead to an inability to continue working with channel partners leading to lower levels of revenue. If demands levels are underestimated, it could require Cycliq to source increased production capacity which would incur greater than anticipated costs of components and production leading to lower business and operating results.

3.2.16 Product support and warranty

Cycliq offers a limited warranty on its products, depending on jurisdiction, and provides a product support division that addresses any support issues and determines if products are faulty or if the issue can be resolved directly with the customer. Every time a new product is introduced it will expose the Company to liability under the warranty. In addition, as the Company's products are innovative and constantly adapting to change there is a risk that a product may be faulty or require a recall.

3.2.17 Information systems and systems risk

The Company is increasingly dependent on information systems to operate its e-commerce website, process transactions, respond to customer enquiries, manage its supply chain and ship goods, maintain cost efficient operations and provide accurate financial reporting. Failures or interruptions in any of its information systems could affect the Company's ability to conduct and manage its operations.

3.2.18 Logistics and shipping

The Company's business relies on ensuring the efficient and timely delivery of goods to customers. Third party providers are relied upon for warehousing, storage, delivery, tracking, record keeping operations and systems. If any of these systems or operations were to be disrupted it would affect the Company's ability to maintain business operations.

3.2.19 Reliance on key personnel

The Company's success largely depends on the core competencies of its Directors and management and their ability to maintain and grow the Company's business operations.

3.2.20 Product development

The growth of the Company largely depends on the ability to anticipate consumer demand and deliver solutions in a timely manner. The cost and effort involved in product development is substantial and may continue to be a growing cost for the Company. Developing new and innovative products involves many unknown factors such as requiring materials not yet available for design and engineering challenges that could require substantial additional resources. There may not be commercially appropriate uses for these products.

3.2.21 New products

Developing related products and accessories to support the main Cycliq suite of products could divert consumer interest and internal human resources away from the core range of Cycliq products. The market might not readily accept the Company delivering new product ranges with new features and this carries substantial financial risk. Adjusting the product mix by bringing out lower costing products could ultimately reduce general revenues if there is greater demand for the related products.

3.2.22 Foreign exchange

The Company generates some of its revenue through product sales in jurisdictions other than Australia and in foreign currencies. A large portion of the Company's manufacturing and supply costs are also denominated in foreign currencies. Accordingly, fluctuations in foreign exchange rates and the Australian dollar will have a direct effect on the financial performance of the Company.

3.2.23 Intellectual property risk

Cycliq has intellectual property right protection in the form of trademarks, trade mark applications patents and patent applications. The patents and trademarks are only enforceable in the territories in which they are registered.

Legal standards relating to the validity, enforceability and scope of protection of intellectual property rights varies across jurisdictions. Effective patent, trademark, copyright and trade secret protection may not be available to the Company in every country in which the Cycliq technology is sold and may be sold in the future. Accordingly, despite its efforts, the Company may not be able to prevent third parties from copying, infringing upon or misappropriating its intellectual property.

The Company may be required to incur expenses in maintaining, monitoring and protecting its intellectual property rights for itself and/or any current and future licensees and distributors. The Company may initiate or otherwise be involved in legal proceedings against third parties to pursue

infringement, or to establish, its intellectual property rights. Any legal proceedings could result in significant expense to the Company and cause a disruption to the Company's operations.

3.2.24 New markets

The Company may look to expand its product offerings into new (vertical) markets. Any efforts to enter a new market space holds the risk that the product offering does not meet the needs of the market at an acceptable price point. New vertical integration may cost substantially more than the costs of penetrating a known market.

3.2.25 Insurance

The Company may maintain insurance within ranges of coverage that it believes to be consistent with industry practice and having regard to the nature of activities being conducted. However, it is not always possible to cost-effectively insure or obtain insurance against all risks associated with such activities. The Company may decide not to take out insurance against certain risks as a result of high premiums or for other reasons. Should liabilities arise on uninsured risks, the Company's business, financial condition and results of operations and the market price of the Shares may be materially adversely affected.

3.2.26 Environmental regulations

The Company believes they are complying with all of the current environmental regulatory requirements. However, environmental regulations change from time to time and this could affect the Company's business operations and the use of materials in the future.

3.2.27 Technology sector risks

The technology sector is characterised by rapid change. New and disruptive technologies can place competitive pressures on existing companies and business models, and technology stocks may experience greater price volatility than securities in some slower changing market sectors.

The value of the Company's securities may be adversely affected by any general decline in the valuation of listed securities and/or adverse market sentiment towards the technology sector in particular, regardless of the Company's operating performance.

3.3 General risks

3.3.1 Economic

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

3.3.2 Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital;
- fear of global pandemics; and

- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company or its Directors warrant the future performance of the Company or any return on an investment in the Company.

3.3.3 Coronavirus (COVID-19)

Global economic outlook is facing uncertainty due to the current COVID-19 pandemic, which has had and may continue to have a significant impact on capital markets and share prices. The Company's Share price may also be adversely affected by the economic uncertainty caused by COVID-19.

There is a risk that this uncertainty may continue for the foreseeable future, which could interrupt the Company's operations, impair deployment of its products to users and prevent users and suppliers from honouring their contractual obligations.

3.3.4 Unforeseen expenditure

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

3.3.5 General economic climate

Factors such as inflation, currency fluctuation, interest rates and supply and demand have an impact on operating costs, and stock market prices. The Company's future revenues and security price may be affected by these factors, which are beyond the Company's control.

3.3.6 Global credit and investment market

Global credit, commodity and investment markets have recently experienced a high degree of uncertainty and volatility. The factors which have led to this situation have been outside the control of the Company and may continue for some time resulting in continued volatility and uncertainty in world stock markets (including the ASX). This may impact the price at which the Company's Shares trade regardless of operating performance, and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

3.3.7 Force majeure

Events may occur within or outside the markets in which the Company operates that could impact upon the global and Australian economies, the operations of the Company and the market price of its securities. These events include acts of terrorism, outbreaks of international hostilities, fires, pandemics, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease, and other man-made or natural events or occurrences that can have an adverse effect on the demand for the Company's services and its ability to conduct business. Given the Company has only a limited ability to insure against some of these risks, its business, financial performance and operations may be materially adversely affected if any of the events described above occurs.

3.3.8 Speculative investment

The above list of risk factors should not be taken as exhaustive of the risks faced by the Company or by investors in the Company. Investors should consider an investment in the Company as highly speculative and should consult their professional advisors before deciding whether to participate in an Entitlement Offer. The securities offered under this Prospectus carry no guarantee with respect to the payment of dividends, return of capital or their market value.

4 Applications

4.1 Applications

This Section 4 sets out the choices for an Eligible Shareholder with respect to applying for Securities under the Entitlement Offer. Please refer to Section 1.4 to determine who is an Eligible Shareholder.

4.2 Choices available

Eligible Shareholders may do any of the following:

- take up all or part of their Entitlement under the Entitlement Offer (refer to Section 4.3);
- if they take up all of their Entitlement, and subscribe for any Shortfall Securities (refer to Section 4.4);
- sell part or all of their Entitlement on the ASX (refer to Section 4.5);
- deal with part or all of their Entitlement other than on the ASX (refer to Section 4.6); or
- do nothing (refer to Section 4.7).

The Entitlement Offer is a renounceable pro rata offer to Eligible Shareholders. Eligible Shareholders are entitled to 1 free attaching New Option for every 2 Shares subscribed for and issued under the Entitlement Offer.

The Entitlement Offer is fully underwritten (please see Section 5.1 for further details). The issue of Shares may dilute the percentage holdings of Shareholders. For further details on the effects of the Entitlement Offer, please refer to Section 2.

4.3 Take up all or part of Entitlement

Eligible Shareholders who wish to take up all or part of their Entitlement under the Entitlement Offer should complete the Application Form in respect of the number of Shares they wish to subscribe for and arrange for payment of the Application Monies in accordance with Section 4.6.

4.4 Subscribe for all of entitlement plus Shortfall Securities

Eligible Shareholders who take up all of their Entitlement and who wish to subscribe for Shortfall Securities under the Shortfall Offer (see Section 1.11) should fill in the number of additional Shares they wish to accept in the space provided on the Application Form and arrange for payment of the Application Monies in accordance with section 4.6. Any Shortfall Securities subscribe for will be issued in the complete discretion of the Underwriter, in consultation with the Company, noting that no shareholder will be issued Shortfall Securities to the extent that such issue would result in a breach of the takeovers prohibition in section 606(1) of the Corporations Act.

4.5 Sell part or all of Entitlement on the ASX

Eligible Shareholders who wish to sell all or part of their Entitlement on the ASX should provide instructions to their stockbroker. Rights Trading will commence on 21 April 2021 and is expected to end on 3 May 2021.

The Company does not guarantee that an Eligible Shareholder will be able to sell all or any part of their Entitlement on the ASX or that any particular price will be paid for the Entitlements sold on the ASX.

4.6 Sell part or all of Entitlement other than on the ASX

Eligible Shareholders who wish to sell all or part of their Entitlement other than on the ASX and the purchaser of the Entitlement is an Ineligible Shareholder or a person that would be an Ineligible Shareholder if they were a registered holder of Shares, that purchaser will not be able to accept the purchase of the Entitlement.

4.7 Allow all or part of entitlement to lapse

If Eligible Shareholders decide not to accept all or part of their Entitlement under the Entitlement Offer, or fail to accept by the Closing Date, the part of their Entitlement not accepted will lapse. However, Eligible Shareholders should be aware that as the Entitlement is renounceable, the Entitlement may have value if some or all of the Entitlement is traded on the ASX or other than on the ASX.

The Shares not subscribed for will form part of the Shortfall Offer, which will be taken up by the Underwriter (and sub-underwriters) or those Eligible Shareholders that subscribe for Shortfall Securities.

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

4.8 Making an application

Eligible Shareholders have 2 payment options in order to take up their Entitlements under the Entitlement Offer.

4.8.1 Option 1: Submit a completed Application Form together with a cheque, bank draft or money order.

To follow option 1, applicants should:

- complete the personalised Application Form accompanying this Prospectus in accordance with the instructions set out on that form, and indicate the number of Shares and New Options they wish to subscribe for; and
- return the form to the Share Registry (address details below) together with a cheque, bank draft or money order which must be:
 - in respect of the full Application Monies (being \$0.001 multiplied by the number of Shares under their Entitlement and any Shortfall Shares (if applicable) they wish to subscribe for);
 - in Australian currency drawn on an Australian branch of a financial institution; and
 - made payable to 'Cycliq Group Ltd' and crossed 'Not Negotiable'.

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

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

Applicants need to ensure that their completed Application Form and cheque, bank draft or money order reaches the Share Registry at the address below by no later than 5.00pm (AWST) on the Closing Date.

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

By post:

PO Box 1156
Nedlands WA 6909

By hand:

110 Stirling Highway
Nedlands WA 6009

Application Forms (and payment of Application Monies) may not be accepted if received after 5.00pm (AWST) on the Closing Date.

4.8.2 Option 2: Pay via BPAY® payment

To follow option 2, applicants should pay the full Application Monies, being \$0.001 multiplied by the number of Shares, including any Shortfall Shares (if applicable), the applicant wishes to subscribe for, via BPAY® payment in accordance with the instructions set out on the personalised Application Form (which includes the biller code and the applicant's unique customer reference number). Applicants can only make a payment via BPAY® if they are the holder of an account with an Australian financial institution.

Please note that if payment is made by BPAY®:

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

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

4.9 Effect of making an application

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

- has received a printed or electronic copy of this Prospectus accompanying the Application Form and has read it in full;
- agrees to be bound by the terms of this Prospectus and the Constitution;
- makes the representations and warranties in sections 1.4 and 1.5 (to the extent that they are applicable) and confirms its eligibility in respect of an offer of Securities under the Entitlement Offer;
- declares that all details and statements in the Application Form are complete and accurate;
- declares that it is over 18 years of age and has full legal capacity and power to perform all of its rights and obligations under the Application Form;
- acknowledges that once the Application Form is returned or a BPAY® payment is made its acceptance may not be withdrawn;
- agrees to being issued the number of Securities it applies for at the offer price (or a lower number issued in a way described in this Prospectus);
- authorises the Company to register it as the holder(s) of the Securities issued to it;

- acknowledges that the information contained in this Prospectus is not investment advice or a recommendation that the Securities are suitable for it, given its investment objectives, financial situation or particular needs; and
- authorises the Company and its officers or agents to do anything on its behalf necessary for Securities to be issued to it, including correcting any errors in its Application Form or other form provided by it and acting on instructions received by the Share Registry using the contact details in the Application Form.

4.10 Enquiries

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

- have questions relating to the calculation of their Entitlement;
- have questions with respect to how to participate in the Shortfall Offer;
- have questions on how to complete an Application Form or take up their Entitlements; or
- have lost an Application Form and would like a replacement form,

should call the Share Registry on +61 8 9389 8033 between 9.00am (AWST) to 5.00pm (AWST) Monday to Friday before the Closing Date.

5 Material Agreements

5.1 Underwriting Agreement

The Entitlement Offer is fully underwritten by the Underwriter. Pursuant to the Underwriting Agreement, the Underwriter (or its nominee(s)) will be entitled to the following fees:

- an underwriting fee of 4% of the Underwritten Amount;
- a management fee of 2% of the Underwritten Amount;
- subject to shareholder approval, 2,300,000,000 Underwriter Options to be issued under this Prospectus pursuant to the Underwriter Offer.

The Company will also pay the Underwriter its reasonable costs and expenses incidental to the Entitlement Offer, including legal expenses and disbursements provided that the Underwriter must first secure the consent of the Company if legal expenses and disbursements are likely to exceed \$2,000.

The Underwriting Agreement provides that:

- (a) the Underwriter may procure such persons to sub-underwrite the Entitlement Offer as the Underwriter, in its absolute discretion, thinks fit;
- (b) the Underwriter will ensure that no person individually or together with their Associates (as that term is defined under the Corporations Act), will acquire, through participation in sub-underwriting the Entitlement Offer, a holding of Shares of, or increase their holding, to an amount in excess of 19.9% of all the Shares on issue on completion of the Entitlement Offer, unless this is expressly contemplated and disclosed in the Prospectus (refer to section 2.3 for further information);
- (c) unless the Company otherwise agrees, no sub-underwriter will be a related party of the Company;
- (d) the Underwriter may terminate the Underwriting Agreement and be relieved of its obligations if certain events occur, which are usual and appropriate for agreements of this nature in the circumstances.

The Underwriter may terminate the Underwriting Agreement if:

- (a) **(Indices fall)**: any of the Australian All Ordinaries Index, S&P/ASX200 Index, S&P/ASX300 Metals and Mining Index or ASX S&P Small Resources Index is at any time after the date of the Underwriting Agreement, 10% or more below its respective level as at the close of trading on the Business Day prior to the date of the Underwriting Agreement;
- (b) **(Prospectus)**: the Company does not issue the Prospectus on or before 16 April 2021 (or such later date as the parties agree) or the Prospectus or the Entitlement Offer is withdrawn by the Company;
- (c) **(No Official Quotation)**: Official quotation of the Securities issued pursuant to the Entitlement Offer has not been applied for by the Issue Date;
- (d) **(Supplementary Prospectus)**:
 - (i) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence which would require the Company to issue a supplementary or replacement prospectus, forms the view on reasonable grounds that a document supplementing, updating or replacing the Prospectus should be issued for any of the reasons referred to in the Corporations

Act and the Company fails to issue a document supplementing, updating or replacing the Prospectus in such form and content and within such time as the Underwriter may reasonably require; or

- (ii) the Company issues a document supplementing, updating or replacing the Prospectus without the prior written agreement of the Underwriter;
- (e) **(Non-compliance with disclosure requirements)**: it transpires that the Prospectus does not contain all the information required by the Corporations Act or ASIC Regulatory Guide 228;
- (f) **(Misleading Prospectus)**: it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus or if any statement in the Prospectus becomes misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive in a material respect;
- (g) **(Restriction on allotment)**: the Company is prevented from allotting the Shares within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- (h) **(Withdrawal of consent to Prospectus)**: any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent;
- (i) **(offer of refund to investors)** any circumstance arises after lodgement of the Prospectus that results in the Company either repaying the money received from persons who have applied for Shares or offering persons who have applied for Shares an opportunity to withdraw their application for Shares under the Entitlement Offer and be repaid their application money;
- (j) **(ASIC and ASX Waivers)** any of the ASIC Exemptions or ASX Waivers obtained in satisfaction of the condition precedent in connection with the Entitlement Offer are withdrawn, revoked or amended without the prior written approval of the Underwriter;
- (k) **(ASIC application)**: an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus and that application has not been dismissed or withdrawn by the shortfall notice deadline date;
- (l) **(Takeovers Panel)**: the Takeovers Panel makes a declaration that circumstances in relation to Entitlement Offer (other than due to any act or omission of the Underwriter) are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;
- (m) **(Authorisation)** any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended (other than due to any act or omission of the Underwriter) in a manner unacceptable to the Underwriter (acting reasonably);
- (n) **(Indictable offence)**: a Director or senior manager of the Company or any subsidiary (each, a relevant company) is charged with an indictable offence;
- (o) **(Removal or Suspension)**: the Company is removed from the official list of the ASX or the Shares become suspended from official quotation and that suspension is not lifted within two (2) Business Days;
- (p) **(section 730 notice)** a person gives a notice to the Company under section 730;
- (q) **(Directors and senior management)** a change in the Directors or senior management of the Company or the Directors occurs (other than in a manner described in the Prospectus),

or a Director or any member of the senior management of the Company dies or becomes permanently incapacitated;

(r) **(Debt facilities)**

- (i) any relevant company breaches, or defaults under, any provision, undertaking, covenant or ratio of a material debt or financing arrangement or any related documentation to which that entity is a party which has, or may have, a material adverse effect on any relevant company; or
- (ii) there occurs:
 - (A) an event of default;
 - (B) a review event which gives a lender or financier the right to accelerate or require repayment of the debt or financing; or
 - (C) any other similar event,under or with respect to any such debt or financing arrangement or related documentation of the any relevant company; and

(s) in respect of the occurrence of any of the following events, the event (or two or more events together), in the reasonable opinion of the Underwriter reached in good faith, has or is likely to have a material adverse effect or could give rise to a liability of the Underwriter under the Corporations Act or otherwise:

- (i) **(Hostilities)**: there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, Ukraine, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;
- (ii) **(Default)**: default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking which is not remedied within 7 days after receipt of written notice from the Underwriter;
- (iii) **(COVID-19)**: the Underwriter believes (acting reasonably) that a materially adverse change in the operations, assets, liabilities, financial position or performance, profits, losses or prospects of any relevant company (insofar as the position in relation to any relevant company affects the overall position of the Company) has occurred as a direct or indirect result of the coronavirus disease 2019 (**COVID-19**) or the transmission of the severe acute respiratory syndrome coronavirus 2 (**SARS-COV-2**). This includes, without limitation, a materially adverse change as a direct or indirect result of an outbreak of COVID-19 or the transmission of SARS-COV-2 at any of the mine sites owned or operated by any relevant company, or the temporary, complete or partial closure of or disruption to any of those mine sites due to an outbreak of COVID-19, a transmission of SARS-COV-2, a direction of a government agency, or otherwise;
- (iv) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in this document is or becomes untrue or incorrect in a material respect (other than due to any act or omission of the Underwriter);
- (v) **(Error in Due Diligence Results)** it transpires that any of the due diligence results or any part of the verification materials was false, misleading or deceptive or that there was an omission from them, notwithstanding the fact that the Underwriter (or a representative of the Underwriter) signed off on the final report from the due diligence committee;

- (vi) **(Contravention of constitution or Corporations Act):** a contravention by a relevant company of any provision of its constitution, the Corporations Act, the ASX Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
- (vii) **(Adverse change):** an event occurs (other than due to any act or omission of the Underwriter) which gives rise to a material adverse effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any relevant company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
- (viii) **(Significant change):** a new circumstance arises or there is a defect in the Prospectus (as determined in accordance with the Corporations Act) that is materially adverse from the point of view of an investor (other than due to any act or omission of the Underwriter);
- (ix) **(Public statements):** without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer, or the Prospectus, except where required by law or the ASX Listing Rules;
- (x) **(Misleading information):** any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the Issue or the affairs of any relevant company is or becomes misleading or deceptive or likely to mislead or deceive in any material respect;
- (xi) **(Official Quotation qualified):** the official quotation is qualified or conditional other than as set out in the definition of "official quotation" (or to the extent which recognises that securities are yet to be issued);
- (xii) **(Prescribed Occurrence):** a prescribed occurrence occurs;
- (xiii) **(Suspension of debt payments):** the Company suspends payment of its debts generally;
- (xiv) **(Insolvency Event):** an event of insolvency occurs in respect of a relevant company;
- (xv) **(Judgment against a relevant company):** a judgment in an amount exceeding \$100,000 is obtained against a relevant company and is not set aside or satisfied within 14 days;
- (xvi) **(Litigation):** litigation, arbitration, administrative or industrial proceedings are after the date of this document commenced against any relevant company, other than any claims foreshadowed in the Prospectus or by or resulting from any act or omission of the Underwriter;
- (xvii) **(Board and senior management composition):** there is a change in the composition of the Board or a change in the senior management of the Company before Completion without the prior written consent of the Underwriter;
- (xviii) **(Change in shareholdings):** there is a material change in the major or controlling shareholdings of a relevant company or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a relevant company;
- (xix) **(Timetable):** there is a delay in any specified date in the Timetable due to the neglect or default of the Company which is greater than 1 Business Day (unless consented to or requested by the Underwriter, such consent not to be unreasonably withheld);

- (xx) **(Force Majeure)**: a force majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs;
- (xxi) **(Certain resolutions passed)**: a relevant company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (xxii) **(Capital Structure)**: any relevant company alters its capital structure in any manner not contemplated by the Prospectus;
- (xxiii) **(Investigation)**: any person is appointed under any legislation in respect of companies to investigate the affairs of a related company; or
- (xxiv) **(Market Conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets which continues for two or more consecutive Business Days.

The Underwriting Agreement contains a number of conditions that must be satisfied by the Company before the Underwriters obligation to underwrite the Entitlement Offer commences that are considered standard for an agreement of this type, such as the Underwriter being satisfied with the form of the Prospectus and the Underwriter being satisfied with the legal opinion on the due diligence procedure and results.

The Underwriter has agreed to waive any termination rights that may be triggered in the event legal proceedings are commenced against the Company. Please refer to sections 3.2.1 and 6.3 for further information.

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

5.2 Sub-underwriting Agreements

As set out in section 1.10.1, Mr Kris and Mr Smith-Gander, each of whom are Directors of the Company, have entered into Sub-underwriting Agreements pursuant to which:

- (a) Mr Smith-Gander has agreed to sub-underwrite the Entitlement Offer up to a maximum of \$50,000; and
- (b) Mr Kris has agreed to sub-underwrite the Entitlement Offer up to a maximum of \$25,000.

The maximum total shareholding of Mr Smith-Gander and Mr Kris upon completion of the Entitlement Offer assuming that each of Mr Smith-Gander and Mr Kris accept their full Entitlements under the Entitlement Offer, each receive their full sub-underwriting commitments and convertible securities are converted into Shares prior to the Record Date is set out in the table below.

Director	Current Shareholding	Current voting power	Entitlement and sub-underwriting commitment	Total Shares held on completion	Voting power upon completion
Craig Smith-Gander ¹	16,656,433	0.72%	79,981,579	96,638,012	1.50%
Xavier Kris ²	10,848,371	0.47%	44,527,068	55,375,439	0.86%

Notes:

- 1 Mr Smith-Gander is also entitled to receive, subject to Shareholder approval, 18,000,000 Shares and 9,000,000 New Options on conversion of the relevant Convertible Notes held by Mr Smith-Gander.

- 2 Mr Kris is also entitled to receive, subject to Shareholder approval, 18,000,000 Shares and 9,000,000 New Options on conversion of the relevant Convertible Notes held by Mr Kris.

Both Mr Smith-Gander and Mr Kris have agreed to waive their right to receive any fees or commission as a result of their sub-underwriting commitments.

The Sub-underwriting Agreements also contains a number of termination events, indemnities, representations and warranties that are considered standard for an agreement of this type.

The Company intends to rely on Listing Rule 10.12 (Exception 2) to permit Mr Smith-Gander and Mr Kris to sub-underwrite the Entitlement Offer. Accordingly, Shareholder approval under Listing Rule 10.11 is not required.

5.3 Corporate Advisory Mandate

The Company and CPS Capital have entered into a corporate mandate which documents, amongst other things, the terms and conditions upon which CPS Capital agreed to underwrite the Entitlement Offer, act as lead manager with respect to the issue of the Convertible Notes and the engagement of CPS Capital as corporate advisor to the Company on an ongoing basis (**Mandate**). The parties subsequently entered into the Underwriting Agreement which, with respect to the terms and conditions of the Underwriting, supersedes the Mandate, however the Mandate remains in full force and effect insofar as the terms of the Mandate relate to the corporate advisory engagement and the issue of the Convertible Notes.

The Mandate provides that CPS Capital will receive a monthly corporate advisory fee of \$5,000 (plus GST) payable in cash for continuing capital markets support by CPS Capital, for a minimum period of 12 months. As set out in section 1.10.2, CPS Capital has also been paid \$30,000 (plus GST) by the Company with respect to lead manager services with respect to the issue of the Convertible Notes, amounting to 6% of the aggregate amount raised through the issue.

The Mandate is otherwise on terms and conditions that are considered standard for agreements of this type.

5.4 Convertible Note Agreements

The Company has entered into various Convertible Note Agreements with the nominees of Directors, Craig Smith-Gander and Xavier Kris, as well as various unrelated professional and sophisticated investors (together, the **Noteholders**), to raise approximately \$500,000 (before costs).

Each Convertible Note has a face value of \$1.00 with interest accruing on each Convertible Note at 4% per annum, calculated on the daily balance of the face value. Interest must be paid by the Company to the Convertible Noteholders in cash upon the earlier of:

- conversion of the Convertible Notes into Shares;
- repayment; or
- any termination of the Convertible Note Agreements.

Subject to the Company obtaining the shareholder approval, the Convertible Notes will automatically convert into Shares with a deemed issue price of \$0.001 per Share converting, subject to shareholder approval, into an aggregate of 500,000,000 Shares. The Company must issue the Shares to each Noteholder within 14 days of the shareholder approval:

Upon conversion into Shares the Company must also issue to the Convertible Noteholder one New Option for every two Shares issued at or about the same time and apply for official quotation on ASX of the Shares.

The issue of Shares upon conversion of the Convertible Notes is subject to and conditional on the issue of the relevant Shares not resulting in any person being in breach of the takeover prohibition under section 606 of the Corporations Act. If the issue of Shares upon conversion of the Convertible

Notes would result in any person being in breach of section 606 the Convertible Notes are instead to be repaid and cancelled by the payment of the face value to the Noteholder.

If shareholder approval is not obtained by the date that is 12 months from the date of each Convertible Note Agreement, the face value of each Convertible Note must be repaid by the Company to each Noteholder.

6 Additional Information

6.1 Continuous disclosure

Being admitted to the official list of ASX, the Company is a disclosing entity for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

Price sensitive information is publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants is also managed through disclosure to ASX. In addition, the Company posts information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

Investors are encouraged to check and monitor any further announcements made by the Company to ASX prior to securities being issued under the Entitlement Offer. To do so, please refer to the Company's ASX announcements platform via www.asx.com.au.

6.2 Transaction-specific prospectus

Under section 713 of the Corporations Act, the Company is entitled to issue a transaction-specific prospectus in respect of the Entitlement Offer.

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

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

- it is subject to regular reporting and disclosure obligations;
- copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC; and
- it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
- the annual financial report of the Company for the financial year ended 30 June 2020;
- any half-year financial report of the Company lodged with ASIC after the lodgement of the annual financial report referred to above and before the lodgement of this Prospectus with ASIC; and
- all continuous disclosure notices given by the Company after the lodgement of the annual financial report referred to above and before the lodgement of this Prospectus with ASIC (see below).

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

The following announcements have been lodged with ASX by the Company since the Company lodged its annual financial report for the financial year ended 30 June 2020 on 28 August 2020.

Date	Title
14/04/2021	Updates to the upcoming Rights Issue
13/04/2021	Cancel – Consolidation/Split - CYQ
08/04/2021	Correction of Typographical Error in ASX Announcement
07/04/2021	Consolidation/Split – CYQ
07/04/2021	Appendix 3B - Proposed issue of Securities - CYQ
07/04/2021	Appendix 3B - Proposed issue of Securities - CYQ
07/04/2021	CYQ to raise up to \$4.6M
01/04/2021	Trading Halt
01/04/2021	Pause in Trading
26/02/2021	Half Yearly Report and Accounts
09/02/2021	Conclusion of Contracts for Co CEOs
27/01/2021	Quarterly Activities Report
27/01/2021	Appendix 4C
19/01/2021	Becoming and substantial holder
30/12/2020	Change in substantial holding
29/12/2020	Change of Director's Interest Notice - XK
29/12/2020	Change of Director's Interest Notice - DK
29/12/2020	Change of Director's Interest Notice - CSG
29/12/2020	Cleansing Statement
29/12/2020	Appendix 2A
29/12/2020	Appendix 3G
22/12/2020	Constitution
17/12/2020	Appendix 3B - Proposed issue of Securities - CYQ
17/12/2020	Acquisition of AIRhub, Capital Raising and Executive Changes
15/12/2020	Results of Annual General Meeting
15/12/2020	Trading Halt
08/12/2020	CFO Retirement and Replacement
02/12/2020	Record-breaking 102% in Cyber Weekend Sales

Date	Title
27/11/2020	Cleansing Statement
27/11/2020	Appendix 2A
18/11/2020	Cycliq Restructures Debt Facilities
17/11/2020	Amended Letter to Shareholders – Notice of AGM
16/11/2020	Letter to Shareholders – Notice of AGM
16/11/2020	Notice of Annual General Meeting/Proxy Form
29/10/2020	Quarterly Activities Report
29/10/2020	Appendix 4C
01/10/2020	AGM Date and Closing Date for Director Nominations
16/09/2020	Change of Director's Interest Notice - CSG
07/09/2020	Final Director's Interest Notice - BR
07/09/2020	Final Director's Interest Notice - PL
07/09/2020	Initial Director's Interest Notice - CSG
28/08/2020	Appendix 4G and Corporate Governance Statement
28/08/2020	Annual Report to shareholders

6.3 Excluded information

In accordance with section 713(5) of the Corporations Act, information must be included in this Prospectus if the information:

- has been excluded from a continuous disclosure notice in accordance with the Listing Rules;
- is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - the assets and liabilities, financial position and performance, profits and losses and prospects of the body; and
 - the rights and liabilities attaching to the securities being offered; and
 - would reasonably expect to find in this Prospectus.

In this regard, the Company notes that:

- on 7 April 2021, the Company received a letter of demand from solicitors acting for Glory Horse Investment Holdings Limited (**Glory Horse**), the Company's joint venture partner located in Hong Kong, with respect to the payment of various sums owing by the Company to Glory Horse. The Company confirms that it is currently in the process of negotiating repayment of the outstanding sums owing to Glory Horse and expects that, on completion of the Entitlement Offer, the Company will be in a position to settle all claims of Glory Horse in this regard; and

- on 7 April 2021, the Company received two letters of demand from solicitors acting for the Company's two former co-CEO's, Mr Ben Hammond and Mr Paul Claessen (each, a **Former CEO**) in respect of outstanding bonus payments, accrued leave entitlements and accrued fees for consultancy services. The Company confirms that it is currently in the process of negotiating a settlement of the outstanding sums owing to each Former CEO and is confident that these amounts will be settled commercially, without the need for any further legal action to be taken by any of the parties,

(together, the **Letters of Demand**).

In accordance with its continuous disclosure obligations, the Company will announce further details of the outcome of the above matters in due course.

Other than as set out above, there is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules.

6.4 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing Securities under this Prospectus.

6.5 Dividend Policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

6.6 Market price of Shares

The highest and lowest closing prices of Shares on the ASX during the 3 months before the date of this Prospectus, and the closing price on the trading day before the date of this Prospectus, are set out below.

Shares	Price	Date
High	\$0.003	Various dates
Low	\$0.002	Various dates
Last	\$0.003	16 April 2021

6.7 Rights and liabilities attaching to Shares

6.7.1 Overview

A summary of the rights and liabilities attaching to Shares is set out below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to the Shares in any specific circumstances, the Shareholder should seek legal advice.

6.7.2 Voting rights

At a general meeting of the Company on a show of hands, every member present in person, or by proxy, attorney or representative has one vote and upon a poll, every member present in person, or by proxy, attorney or representative has one vote for every fully paid up Share held by them. In the case of a partly paid share, a fraction of a vote equivalent to the proportion which the amount paid up

on that member's share bears to the total amounts paid and payable (excluding amounts credited) on that share.

6.7.3 Dividends

Subject to the Corporations Act, and the terms of issue or rights of any shares with special rights to dividends, the Directors may determine or declare that a dividend is payable, fix the amount and the time for payment and authorise the payment or crediting by the Company to, or at the direction of, each Shareholder entitled to that dividend.

Interest is not payable by the Company on a dividend.

All dividends are to be paid apportioned and paid proportionately to the amounts paid on the shares during any portion or portions of the period for which the dividend is paid, but, if any share is issued on terms providing that it will rank for dividend as from a particular date, that share ranks for dividend accordingly.

The Directors may deduct from any dividend payable to, or at the direction of, a Shareholder any sums presently payable by that Shareholder to the Company on account of calls or otherwise in relation to shares in the Company.

6.7.4 Winding up

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company and may for that purpose set such value as the liquidator considers fair on 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 Shareholders.

6.7.5 Issue of Shares

The issue of Shares in the Company is under the control of the Directors who may issue, allot and cancel or otherwise dispose of Shares in the Company, grant options over unissued Shares in the Company, reclassify or convert Shares and settle the manner in which fractions of a Share, however arising, are to be dealt with, subject to the Corporations Act, the Listing Rules and any special rights conferred on the holders of any shares or class of shares.

6.7.6 Variation of rights

The rights attached to any class of Shares may, unless their terms of issue state otherwise, be varied:

- with the written consent of the holders of 75% of the Shares of the class; or
- by a special resolution passed at a separate meeting of the holders of Shares of the class.

6.7.7 Transfer of Shares

Subject to the Company's Constitution, the Corporations Act or any other applicable laws of Australia and the Listing Rules, the Shares are freely transferable. The Directors may refuse to register a transfer of Shares only in limited circumstances, such as where the Listing Rules require or permit the Company to do so.

6.7.8 Notice and meetings

Each shareholder is entitled to receive notice of, and to attend and vote at, annual general meetings of the Company and to receive all notices, accounts and other documents required to be furnished to shareholders under the Company's Constitution, the Corporations Act and Listing Rules.

6.7.9 Sale of non-marketable holdings

The Company may take steps in respect of non-marketable holdings of Shares in the Company to effect an orderly sale of those Shares by giving notice to the relevant holders and in the event that holders do not take steps to retain their holdings.

The Company may only take steps to eliminate non-marketable holdings in accordance with the Constitution and the Listing Rules.

6.7.10 Alteration of Constitution

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

6.7.11 Shareholder liability

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

6.8 New Options

The terms and conditions attaching to the New Options proposed to be issued pursuant to this Prospectus are broadly set out below.

6.8.1 Entitlement

Each New Option entitles the holder to subscribe for one Share upon exercise of the New Option.

6.8.2 Exercise Price

Subject to section 6.8.9, the amount payable upon exercise of each New Option will be \$0.0015 (**Exercise Price**).

6.8.3 Expiry Date

Each New Option will expire at 5:00pm (AWST) on the date that is two years following the date on which the New Options are proposed to be issued under the Entitlement Offer. A New Option not exercised before the Expiry Date will automatically lapse on the expiry date.

6.8.4 Exercise Period

The New Options are exercisable at any time on or prior to the expiry date (**Exercise Period**).

6.8.5 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 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.

6.8.6 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**).

6.8.7 Timing of issue of Shares on exercise

Within 10 Business Days after the Exercise Date, the Company will:

- 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;
- 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
- if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the New Options.

If a notice delivered under this section 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 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.

6.8.8 Shares issued on exercise

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

6.8.9 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 Listing Rules at the time of the reconstruction.

6.8.10 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 their New Options.

6.8.11 Change in exercise price

A New Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the New Option can be exercised.

6.8.12 Transferability

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

6.8.13 Quotation

The Company will seek to have the New Options quoted by ASX.

6.9 Underwriter Options

The key terms and conditions attaching to the Underwriter Options are the same as the terms and conditions of the New Options as set out in section 6.8 above. The Underwriter Options may be subscribed for by the Underwriter at an issue price of \$0.00001 per Underwriter Option.

6.10 Substantial holders

Based on publicly available information at the date of this Prospectus, those persons with a voting power in the Company of at least 5% are set out below.

Shareholder	Shares	Voting power
Merchant Opportunities Fund ¹	365,000,000 ²	15.84%
Mr Daniel Kennedy	120,037,244 ³	5.21%

Notes:

- 1 Refer to section 2.3 for further details of the potential increase in Merchant's relevant interest as a result of sub-underwriting the Entitlement Offer.
- 2 Held by The Trust Company (Australia) Limited (ACN 000 000 993) as Custodian for the Merchant Opportunities Fund (ARSN 111 456 387).
- 3 Comprising:
 - 46,848,372 Shares held directly by Mr Kennedy;
 - 1,028,348 Shares held jointly by Mr Kennedy and Mrs Dawn Emma Kennedy;
 - 70,060,524 Shares held by Mrs Dawn Emma Kennedy ATF Kennedy Investment A/C; and
 - 2,100,000 Shares held directly by Mrs Dawn Emma Kennedy.

6.11 Director interests

6.11.1 Overview

Other than as set out below or elsewhere in this Prospectus, no existing or proposed Director holds at the date of this Prospectus, or has held in the 2 years before the date of this Prospectus, an interest in:

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

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to an existing or proposed Director to induce them to become, or qualify as, a Director or for services in connection with the formation or promotion of the Company or the Entitlement Offer.

6.11.2 Remuneration

The cash remuneration (including superannuation) paid or to be paid to the Directors for the 2 years before the date of this Prospectus is set out below.

Director	Position	Financial year ended 30 June 2019	Financial year ended 30 June 2020	8 months to 28 Feb 2021
Craig Smith-Gander ¹	Non-Executive Chairman	N/A	N/A	\$14,000 ³
Xavier Kris ²	Non-Executive Director	N/A	N/A	\$13,000 ⁴
Daniel Kennedy	Non-Executive Director	\$37,667	\$38,000 ⁵	Nil ⁵

Notes:

- 1 Mr Craig Smith-Gander was appointed on 26 August 2020.

- 2 Mr Kris was appointed on 26 August 2020.
- 3 In addition, Mr Smith-Gander (or his nominee) has been issued an aggregate of 12,656,433 Shares in lieu of cash remuneration for the period from 26 August 2020 to 25 November 2020.
- 4 In addition, Mr Kris (or his nominee) has been issued an aggregate of 10,848,371 Shares in lieu of cash remuneration for the period from 26 August 2020 to 25 November 2020.
- 5 Mr Kennedy has been issued an aggregate of 46,848,372 Shares in lieu of cash remuneration for the period from 1 September 2019 to 30 November 2020.

6.11.3 Security holdings

The securities in the Company in which the Directors have relevant interests (whether held directly or indirectly) at the date of this Prospectus are set out below.

Director	Shares	Unquoted Options	Share Entitlement ⁵	Option Entitlement
Craig Smith-Gander ¹	16,656,433 ⁶	30,000,000 ³	29,981,579	14,990,790
Xavier Kris ²	10,848,371 ⁶	26,000,000 ³	19,527,068	9,763,534
Daniel Kennedy	120,037,244	31,000,000 ⁴	216,067,039	108,033,520

Notes:

- 1 Mr Smith-Gander is also entitled to receive, subject to Shareholder approval, 18,000,000 Shares and 9,000,000 New Options on conversion of the relevant Convertible Notes held by Mr Smith-Gander.
- 2 Mr Kris is also entitled to receive, subject to Shareholder approval, 18,000,000 Shares and 9,000,000 New Options on conversion of the relevant Convertible Notes held by Mr Kris.
- 3 The Options are unquoted and exercisable at \$0.004 each on or before 24 December 2022.
- 4 Comprising:
 - 26,000,000 unquoted options exercisable at \$0.004 each on or before 24 December 2022;
 - 4,122,220 unquoted options exercisable at \$0.012 on or before 26 November 2021; and
 - 877,780 unquoted options exercisable at \$0.012 on or before 17 December 2021.
- 5 Mr Kris and Mr Smith-Gander have each indicated that they intend to take up their full Entitlements under the Entitlement Offer. Mr Kennedy has indicated that he will not be taking up any of his Entitlements under the Entitlement Offer.
- 6 As set out in section 1.10.1, each of Mr Smith-Gander and Mr Kris have agreed to sub-underwrite the Entitlement Offer. Depending on the level of acceptances of Entitlements by Eligible Shareholders under the Entitlement Offer and the Shortfall Offer, the sub-underwriting may result in a further:
 - 25,000,000 Shares and 12,500,000 New Options being issued to Mr Kris; and
 - 50,000,000 Shares and 25,000,000 New Options being issued to Mr Smith-Gander.

6.12 Related party transactions

There are no related party transactions involved in the Entitlement Offer or Additional offers that are not otherwise described in this Prospectus.

The Company's policy in respect of related party arrangements is:

- a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

6.13 Expert and adviser interests

Other than as set out below or elsewhere in this Prospectus, no expert, promoter, Underwriter or other person named in this Prospectus who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus holds, at the date of this Prospectus, or has held in the 2 years before the date of this Prospectus, an interest in:

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

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such persons for services in connection with the formation or promotion of the Company or the Entitlement Offer.

CPS Capital is the underwriter to the Entitlement Offer, in respect of which it is entitled to receive fees and commissions under the Underwriting Agreement as set out in section 5.1. Over the 2 years prior to the date of this Prospectus CPS Capital has been paid fees of approximately \$30,000 (plus GST) by the Company (being the fees payable to CPS Capital in relation to the Convertible Note Agreements).

AGH Law has acted as the legal adviser to the Company in relation to the Entitlement Offer. The estimated fees payable to AGH Law for these services are \$20,000 (exclusive of GST). Over the 2 years prior to the date of this Prospectus AGH Law has been paid any fees of approximately \$31,000 by the Company.

6.14 Consents

Each of the parties referred to below:

- does not make the Entitlement Offer;
- has not authorised or caused the issue of this Prospectus;
- does not make, or purport to make, any statement that is included in this Prospectus, or a statement on which a statement made in this Prospectus is based, other than as specified below; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with the consent of that party as specified below.

CPS Capital Group Pty Ltd has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus as Underwriter, lead manager and foreign nominee in relation to the Entitlement Offer and corporate adviser to the Company in the form and context in which it is named. CPS Capital has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than references to its name.

Merchant Group Pty Ltd has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus as sub-underwriter in relation to the Entitlement Offer in the form and context in which it is named. Merchant has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than references to its name.

AGH Law has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus as the legal adviser to the Company in relation to the Entitlement Offer in the form and context in which it is named. AGH Law has not authorised or caused the issue

of this Prospectus and takes no responsibility for any part of this Prospectus other than references to its name.

There are a number of persons referred to elsewhere in this Prospectus who have not made statements included in this Prospectus and there are no statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in this Prospectus and did not authorise or cause the issue of this Prospectus.

6.15 Costs

The estimated costs of the Entitlement Offer (exclusive of GST) are set out below.

Item	Amount
Underwriting ¹	\$248,800
Legal	\$20,000
ASIC	\$3,206
ASX	\$22,227
Printing, registry and other	\$15,767
Total	\$310,000

Notes:

1 See section 5.1 for further information.

6.16 Litigation

At the date of this Prospectus, other than as disclosed in section 3.2.1, the Company is not involved in any material legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

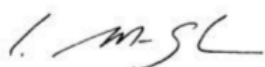
7 Authorisation

16 April 2021

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

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

Signed for and on behalf of the Company.

A handwritten signature in black ink, appearing to read 'C. Smith-Gander', written in a cursive style.

Craig Smith-Gander
Non-Executive Chairman
Cycliq Group Ltd

Definitions

Additional Offers means the Shortfall Offer, Noteholder Offer and the Underwriter Offer (or any one or more of such Additional Offers, as applicable).

Application Form means an Entitlement Offer Application Form, a Noteholder Offer Application Form or an Underwriter Offer Application Form, as applicable.

Application Monies means the monies payable by and received from persons applying for Shares under the Entitlement Offer and the Shortfall Offer (if applicable).

ASIC means the Australian Securities and Investments Commission.

Associate has meaning given under the Corporations Act.

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

ASX Settlement means ASX Settlement Pty Limited (ACN 008 504 532).

AWST means Australian Western Standard Time, being the time in Perth, Western Australia.

Board means the board of Directors.

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

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

Celtic Capital means Celtic Capital Group Pty Ltd ACN 120 688 262.

Closing Date means the date that the Entitlement Offer close being 5.00pm (AWST) on 10 May 2021 or such other time and date as the Company determines.

Company means Cycliq Group Ltd (ACN 119 749 647).

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

Convertible Note means the convertible notes issued by the Company pursuant to the Convertible Note Agreements, as summarised in Section 2.2.

Convertible Note Agreements means the agreements entered into between the Company and each Noteholder, as summarised in Section 5.4.

CPS Capital or the **Underwriter** means CPS Capital Group Pty Ltd (ACN 088 055 636).

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

Director means a director of the Company.

Eligible Shareholder means a Shareholder at the Record Date with a registered address in Australia or New Zealand.

Entitlement means the Number of Shares for which an Eligible Shareholder is entitled to subscribe for under the Entitlement Offer, being 1.8 Shares for every 1 Share held on the Record Date.

Entitlement Offer means the renounceable pro rata offer of approximately 4,146,646,613 Shares to Eligible Shareholders at an issue price of \$0.001 each to raise approximately \$4,146,647 (before costs) together with 1 free attaching New Option for every 2 Shares issued.

Entitlement Offer Application Form means a “Entitlement Offer Application Form” in the relevant form accompanying this Prospectus pursuant to which an Eligible Shareholder may apply for Shares and New Options under the Entitlement Offer.

Glory Horse means Glory Horse Investment Holdings Limited, a company registered in Hong Kong.

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

Letters of Demand means the letters of demand received by the Company, as set out in section 6.3.

Listing Rules means the official listing rules of the ASX.

Mandate means the corporate advisory mandate between the Company and CPS Capital, as summarised in section 5.3.

Merchant means Merchant Group Pty Ltd (ACN 154 832 327), including each of its Related Bodies Corporate.

MOF means the Merchant Opportunities Fund.

New Options means attaching Options to be issued under the Entitlement Offer, Shortfall Offer and Noteholder Offer which have the terms and conditions in Section 6.8.

Noteholder Offer means the offer of 250,000,000 New Options to the Noteholder, as set out in Section 1.2.3.

Noteholder Offer Application Form means a “Noteholder Offer Application Form” in the relevant form accompanying this Prospectus pursuant to which the Noteholders may apply for New Options under the Noteholder Offer.

Noteholders means the persons identified in Section 1.2.3 as parties to the Convertible Note Agreements, and **Noteholder** means any one of them as the context requires.

Offers means the Entitlement Offer and the Additional Offers.

Opening Date means the first date for receipt of applications under the Entitlement Offer being 8.00am (AWST) on 27 April 2021, or such other time and date as the Company determines.

Option mean an option to acquire a Share.

Prospectus means this Prospectus dated 16 April 2021.

Record Date means the date for determining entitlements being 22 April 2021.

Related Bodies Corporate of an entity means a body corporate that is related to that entity in any of the ways specified in section 50 of the *Corporations Act 2001* (Cth).

Rights Trading means the trading of Entitlements by Eligible Shareholders as a result of the Entitlement Offer being renounceable.

Rights Trading Period means the period from 21 April 2021 to 3 May 2021 within which Eligible Shareholders who do not wish to take up some or all of their Entitlements may sell or otherwise transfer all or part of their Entitlement.

Securities means Shares and New Options (as applicable).

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

Shareholder means a registered holder of one or more Shares.

Share Registry means Advanced Share Registry (ACN 127 175 946).

Shortfall Offer means the offer of Shares (with free attaching New Options) that are not taken up by Eligible Shareholders pursuant to their entitlements under the Entitlement Offer.

Shortfall or **Shortfall Securities** means the Shares and New Options not subscribed for under the Entitlement Offer.

Sub-underwriter Agreements means the sub-underwriting agreements, as summarised in section 5.2.

Sub-Underwriters mean Celtic Capital and Merchant.

Sunset Capital means Sunset Capital Management Pty Ltd (ACN 618 789 736).

Underwriter means CPS Capital Group Pty Ltd (ACN 088 055 636) (AFSL 294848).

Underwriter Offer Application Form means a “Underwriter Application Form” in the relevant form accompanying this Prospectus pursuant to which the Underwriter may apply for Underwriter Options under the Underwriter Offer.

Underwriter Offer means the offer under this Prospectus of 2,300,000,000 Underwriter Options to CPS Capital as set out in Section 1.2.2.

Underwriter Options means the Options to be issued under the Underwriter Offer which have the terms and conditions in Section 6.9.

Underwriting Agreement means the underwriting agreement between the Underwriter and the Company, as summarised in section 5.1.

Underwritten Amount means the total amount to be raised under the Entitlement Offer, being approximately \$4,146,647.

Underwritten Securities has the meaning given in Section 2.3.

Corporate Directory

Directors

Craig Smith-Gander
Non-Executive Chairman

Daniel Kennedy
Non-Executive Director

Xavier Kris
Non-Executive Director

Company Secretary

Arron Canicaïs

Registered Office

Suite 6, 295 Rokeby Road
Subiaco WA 6008

Telephone: +61 8 6555 2950
Email: info@cycliq.com

Website

www.cycliq.com

ASX Code

CYQ

Share Registry

Advanced Share Registry
110 Stirling Hwy,
Nedlands WA 6009

Auditor

Bentleys Audit & Corporate (WA) Pty Ltd
Level 3, 216 St Georges Terrace
Perth WA 6000

Underwriter and Lead Manager

CPS Capital Group Pty Ltd
Level 45, 108 St Georges Terrace
Perth WA 6000

Legal Adviser

AGH Law
Level 2, 66 Kings Park Road
West Perth WA 6005