

**CYCLIQ GROUP LIMITED**  
**ACN 119 749 647**

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**ENTITLEMENT ISSUE PROSPECTUS**

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For a non-renounceable entitlement issue of 1 Share for every 10 Shares held by those Shareholders registered at the Record Date at an issue price of \$0.025 per Share to raise up to approximately \$1.7 million (based on the number of Shares on issue as at the date of this Prospectus) (**Offer**).

The Offer is partially underwritten by Merchant Advisory Limited (**Underwriter**) up to \$1.5 million. Refer to Section 8.4.1 for details regarding the terms of the Underwriting Agreement.

**IMPORTANT NOTICE**

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

The Shares offered by this Prospectus should be considered as speculative.

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## 1. CORPORATE DIRECTORY

### Directors

Chris Singleton (Non-Executive Chairman)  
Piers Lewis (Non-Executive Director)  
Cyril Daoud (Non-Executive Director)  
Michael Young (Non-Executive Director)

### Company Secretary

Piers Lewis

### Registered Office

Suite 6, 295 Rokeby Road  
Subiaco WA 6008

Telephone: + 61 8 6555 2950  
Facsimile: +61 8 6166 0261

Email: [piers@smallcapcorporate.com.au](mailto:piers@smallcapcorporate.com.au)  
Website: [www.cycliq.com](http://www.cycliq.com)

### Share Registry\*

Computershare Investor Services Pty Ltd  
GPO Box 2975  
Melbourne VIC 3001

Telephone: 1300 850 505  
Facsimile: +61 3 9415 4000

### Solicitors

Steinepreis Paganin  
Lawyers and Consultants  
Level 4, The Read Buildings  
16 Milligan Street  
Perth WA 6000

### Auditor\*

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

### Underwriter

Merchant Advisory Limited  
Wickhams Cay II  
Road Town Tortola  
VG1110  
British Virgin Islands

### Lead Manager

Merchant Corporate Advisory Pty Ltd  
Level 25, 360 Collins Street  
Melbourne VIC 3000

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

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## 2. TIMETABLE

Lodgement of Prospectus with the ASIC	Monday, 15 May 2017
Lodgement of Prospectus & Appendix 3B with ASX	Monday, 15 May 2017
Notice sent to Shareholders	Wednesday, 17 May 2017
Ex date	Thursday, 18 May 2017
Record Date for determining Entitlements	Friday, 19 May 2017
Prospectus sent out to Shareholders & Company announces this has been completed	Tuesday, 23 May 2017
Last day to extend Offer Closing Date	Monday, 29 May 2017
Closing Date*	Thursday, 1 June 2017
Shares quoted on a deferred settlement basis	Friday, 2 June 2017
ASX notified of under subscriptions	Tuesday, 6 June 2017
Issue date/Shares entered into Shareholders' security holdings	Thursday, 8 June 2017
Estimated date for quotation of Shares issued under the Offer*	Friday, 9 June 2017

\*The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the Shares are expected to commence trading on ASX may vary.

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### **3. IMPORTANT NOTES**

This Prospectus is dated 15 May 2017 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

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

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

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

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form.

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

#### **3.1 Risk factors**

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

#### **3.2 Forward-looking statements**

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements

contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 4 of this Prospectus.

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## 4. DETAILS OF THE OFFER

### 4.1 The Offer

The Offer is being made as a non-renounceable entitlement issue of one (1) new Share for every ten (10) Shares held by Shareholders registered at the Record Date at an issue price of \$0.025 per Share. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, a maximum of 68,143,373 Shares will be issued pursuant to this Offer to raise up to \$1,703,584.

As at the date of this Prospectus, the Company has 10,000,000 Performance Shares on issue all of which are subject to escrow but may be converted into a maximum of 200,000,000 Shares upon the relevant milestones being met in accordance with the Performance Share terms. Please refer to Section 5.4 of this Prospectus for further information.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offer and the intended use of funds raised are set out in Section 5.1 of this Prospectus.

### 4.2 Minimum subscription

There is no minimum subscription.

### 4.3 Acceptance

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance of your Entitlement must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
  - (i) complete the Entitlement and Acceptance Form; and
  - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you only wish to accept **part** of your Entitlement:
  - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
  - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.025 per Share); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

If you wish to separately apply for Shortfall, please refer to Section 4.9.

#### 4.4 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to **Cycliq Group Limited – Share Subscription Account** and crossed “Not Negotiable”. Your completed Entitlement and Acceptance Form and cheque must reach the Company’s share registry no later than 5:00pm WST on the Closing Date.

#### 4.5 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

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

**It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 4:00pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.** Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded. The BPAY® facility will close on the Closing Date.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

#### 4.6 Underwriting

The Offer is partially underwritten by the Underwriter up to an amount of \$1.5 million. Refer to Section 8.4.1 of this Prospectus for details of the terms of the underwriting.

#### 4.7 Effect on control of the Company

The Underwriter is not a shareholder of the Company and is not a related party of the Company for the purpose of the Corporations Act. The Underwriter has agreed to underwrite the Offer up to 60,000,000 Shares being a value of \$1,500,000. The Underwriter’s present relevant interest and changes under several scenarios are set out in the table below.

Event	Shares held by Underwriter	Voting power of Underwriter
Date of Prospectus	Nil	0%
Completion of Entitlement Issue		
• Fully subscribed	Nil	0%



• 25% subscribed	42,964,157	5.73%
• 50% subscribed	25,928,313	3.46%
• 75 % subscribed	8,892,470	1.19%
• 88% (being the Underwriter's full underwriting commitment)	60,000,000	8.00%

The number of shares held by the Underwriter and its voting power in the table above show the potential effect of the underwriting of the Offer. However, it is unlikely that no shareholders, other than the Underwriter, will take up entitlements under the Offer. The underwriting obligation and therefore voting power of the Underwriters will reduce by a corresponding amount for the amount of entitlements under the Offer taken up by the other shareholders.

In addition, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 9.09% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders is set out in the table below:

Holder	Holding as at Record date	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer
Shareholder 1	10,000,000	1.47%	1,000,000	10,000,000	1.33%
Shareholder 2	5,000,000	0.73%	500,000	5,000,000	0.67%
Shareholder 3	1,500,000	0.22%	150,000	1,500,000	0.20%
Shareholder 4	400,000	0.06%	40,000	400,000	0.05%
Shareholder 5	50,000	0.01%	5,000	50,000	0.01%
Total	681,433,730		68,143,373	749,577,103	

**Notes:**

1. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall Offer. In the event all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

#### 4.8 Lead Manager

Merchant Corporate Advisory Pty Ltd has been appointed as Lead Manager to the Offer. The terms of the appointment of Merchant Corporate are summarised in Section 8.4.2 of this Prospectus.

#### 4.9 Shortfall Offer

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

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.025 being the price at which Shares have been offered under the Offer.

In addition to their Entitlement, Eligible Shareholders will be entitled to apply for additional Shares under the Shortfall Offer by following the instructions on their Entitlement and Acceptance Form.

The Directors reserve the right to issue Shortfall Shares at their absolute discretion. If you do apply for Shortfall Shares there is no guarantee that you will receive all or any of your application for Shortfall Shares.

#### **4.10 ASX listing**

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

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

#### **4.11 Issue of Shares**

Shares issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Shares issued pursuant to the Shortfall Offer will be issued on a progressive basis. Where the number of Shares issued is less than the number applied for, or where no issue is made surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Shares issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Shares issued under the Shortfall Offer as soon as practicable after their issue.

#### **4.12 Overseas shareholders**

This Offer does not, and is not intended to, constitute an offer 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.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

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

The Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

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

#### ***Nominees and custodians***

Nominees and custodians may not submit an Entitlement and Acceptance Form on behalf of any Shareholder resident outside Australia and New Zealand without the prior consent of the Company, taking into account relevant securities law restrictions. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

#### **4.13 Enquiries**

Any questions concerning the Offer should be directed to Piers Lewis, Company Secretary, on +61 8 6555 2950.

## 5. PURPOSE AND EFFECT OF THE OFFER

### 5.1 Purpose of the Offer

The purpose of the Offer is to raise up to approximately \$1,703,584.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Underwritten amount (\$)	Full Subscription (\$)	%
1	Product development and engineering	600,000	600,000	35.22%
2	Expansion and support of new and recently opened global sales channels	350,000	500,000	29.35%
3	Acceleration of Cycliq global branding and marketing roll out	350,000	350,000	20.54%
4	Expenses of the Offer <sup>1</sup>	122,350	122,350	7.18%
5	Working capital	77,650	131,234	7.70%
	<b>TOTAL</b>	<b>\$1,500,000</b>	<b>\$1,703,584</b>	<b>100%</b>

#### Notes:

1. Refer to Section 8.8 of this Prospectus for further details relating to the estimated expenses of the Offer.

In the event the Company raises more than the underwritten amount of \$1,500,000 but less than the full subscription, the additional funds raised will be first applied towards expansion and support of new and recently opened global sales channels and secondly towards working capital. On completion of the Offer, the Board believes our Company will have sufficient working capital to achieve these objectives.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

### 5.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, will be to:

- (a) increase the cash reserves by \$1,581,234 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Shares on issue from 681,433,730 as at the date of this Prospectus to 749,577,103 Shares.

### 5.3 Pro-forma balance sheet

The unaudited balance sheet as at 31 March 2017 and the unaudited pro-forma balance sheet as at 31 March 2017 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, no Options are exercised prior to the Record Date and including expenses of the Offer.

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

	31-Mar-17					31-Mar-17	31-Mar-17
	Unaudited	Placement announced May 2017*	Capital raising fees	Funds received - underwritten amount	Funds received - full subscription	Pro-forma Underwritten Amount	Pro-forma Full Subscription
<b>CURRENT ASSETS</b>							
Cash and cash equivalents	624,572	1,880,000	(122,350)	1,500,000	1,703,584	3,882,222	4,085,806
Trade and other receivables	183,548					183,548	183,548
Inventory	662,101					662,101	662,101
Prepayments	242,343					242,343	242,343
<b>Total current assets</b>	<b>1,712,564</b>					<b>4,970,214</b>	<b>5,173,798</b>
<b>NON-CURRENT ASSETS</b>							
Plant and equipment	600,921					600,921	600,921
Intangible assets	297,815					297,815	297,815
<b>Total non-current assets</b>	<b>898,736</b>					<b>898,736</b>	<b>898,736</b>
<b>Total assets</b>	<b>2,611,300</b>					<b>5,868,950</b>	<b>6,072,534</b>
<b>LIABILITIES</b>							
<b>CURRENT LIABILITIES</b>							
Trade and other payables	(171,729)					(171,729)	(171,729)
Provision for unearned income	(5,267)					(5,267)	(5,267)
Provisions	(20,463)					(20,463)	(20,463)
Borrowings - Current	(28,447)					(28,447)	(28,447)
<b>Total current liabilities</b>	<b>(225,906)</b>					<b>(225,906)</b>	<b>(225,906)</b>
<b>Total liabilities</b>	<b>(225,906)</b>					<b>(225,906)</b>	<b>(225,906)</b>
<b>Net assets</b>	<b>2,385,394</b>					<b>5,643,044</b>	<b>5,846,628</b>

	31-Mar-17					31-Mar-17	31-Mar-17
	Unaudited	Placement announced May 2017*	Capital raising fees	Funds received - underwritten amount	Funds received - full subscription	Pro-forma Underwritten Amount	Pro-forma Full Subscription
<b>EQUITY</b>							
Share capital	8,109,722	1,880,000	(122,350)	1,500,000	1,703,584	11,367,372	11,570,956
Reserves	186,465					186,465	186,465
Accumulated losses	(5,910,793)					(5,910,793)	(5,910,793)
<b>Total equity</b>	<b>2,385,394</b>					<b>5,643,044</b>	<b>5,846,628</b>

\* - Placement funds received net of capital raising costs

## 5.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, is set out below.

### Shares

	Number
Shares currently on issue <sup>1</sup>	601,433,730
Shares to be issued under the Placement <sup>2</sup>	80,000,000
<b>Sub-Total</b>	<b>681,433,730</b>
Shares offered pursuant to the Offer	68,143,373
<b>Total Shares on issue after completion of the Offer</b>	<b>749,577,103</b>

**Note:**

- 173,276,338 Shares are subject to escrow.
- Refer to ASX Announcement dated 5 May 2017 titled "Cycliq announces growth initiatives and capital raising" for further details in relation to the Placement. The Company intends to issue the Shares pursuant to the Placement on or around 16 May 2017.

### Performance Shares

	Number
Performance Shares currently on issue:	10,000,000

**Note:**

- The Performance Shares are subject to escrow. Terms and Conditions of the Performance Shares are set out in Section 15.6 of the Replacement Prospectus lodged with ASX on 6 December 2016. The Performance Shares may be converted into a maximum of 200,000,000 Shares upon the relevant milestones being met. The number of Shares that the Performance Shares will convert into will change depending on the conversion price at the time the relevant milestone is satisfied, for example a conversion price of \$0.02 (200,000,000), \$0.04 (100,000,000), \$0.06 (66,666,667), \$0.08 (50,000,000) and \$0.10 (40,000,000).

The capital structure on a fully diluted basis as at the date of this Prospectus would be 881,433,730 Shares and on completion of the Offer and Placement (assuming all Entitlements are accepted and no Performance Shares convert

prior to the Record Date) would be 949,577,103 Shares (assuming the Performance Shares convert at a price of \$0.02).

## 5.5 Details of substantial holders

Based on publicly available information as at 3 May 2017, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Sunset Enterprises WA Pty Ltd <sup>1</sup>	78,484,800	11.52%
Breakwater (WA) Pty Ltd	74,846,501	10.98%
The Trust Company (Australia) Limited <MOF A/C>	53,000,000	7.78%

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

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## 6. RIGHTS AND LIABILITIES ATTACHING TO SHARES

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

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

### (a) General Meetings

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

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

### (b) Voting Rights

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

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

### (c) Dividend Rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of



the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

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

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

(e) **Shareholder Liability**

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

(f) **Transfer of Shares**

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

(g) **Variation of Rights**

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

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

(h) **Alteration of Constitution**

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.

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## 7. RISK FACTORS

### 7.1 Introduction

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

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

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

### 7.2 Company specific

#### (i) Competition and new technologies

The industry in which the Company is involved is subject to increasing domestic and global competition which is fast-paced and fast-changing. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose activities or actions may positively or negatively affect the operating and financial performance of the Company's projects and business. For instance, new technologies could result in the Company not being differentiated to other similar offerings.

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

The key competition risk is in achieving appreciable market share and differentiation from its key competitors.

#### (j) Sales and marketing success

Following Settlement, the Company intends to focus on the development and marketing of HD camera/light combination accessories for cyclists (**Cycliq Technology**) with its aim to make cycling safer, more accessible and enjoyable for cyclists around the world. By its nature, there is no guarantee that the Cycliq Technology's development and marketing campaign will be successful. In the event that it is not, the Company may encounter difficulty creating market awareness of the Cycliq Technology. This would likely have an adverse impact on the Company's potential profitability.

Even if the Company does successfully commercialise the Cycliq Technology, there is a risk the Company will not achieve a commercial return. For example, new technology may overtake and supersede the Cycliq Technology.

**(k) Attracting customers to the Cycliq Technology**

The Company's revenue will be affected by its ability to attract customers to the Cycliq Technology, notably the HD camera/light combination bike accessory. Various factors can affect the level of customers using the Cycliq Technology, including:

- (i) marketing and promotions: if the Company's marketing and promotion efforts are not effective this may result in fewer customers using the Cycliq Technology;
- (ii) brand damage: if the Company suffers from reputational damage, customer numbers could be affected; and
- (iii) pricing: targeted customers may not be prepared to incur the costs to purchase the Cycliq Technology or to abandon the equivalent products that they currently use.

Accordingly, there is no guarantee that the Company's marketing and pricing strategies will be successful to achieve a sizeable take up rate of its products from customers.

Further, if market analysts publish negative or inaccurate information about the Company, it could lead to the Share price decreasing or restrict the volume of stock traded in the future.

**(l) 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.

**(m) Historical financial performance is not indicative on future growth**

The Company's historical financial performance does not provide an indication on growth in the future. If future revenues are lower than expected and costs are higher than expected, financial results could show a lower amount of profit or greater losses.

The Company is a growing and early stage company which historically has spent more money than it has made, delivering losses. These losses can continue for a number of years while establishing the brand and product positioning which requires substantial cash. The amount of cash required to establish the brand or to generate enough revenue to bring the Company into a profitable financial position could require more cash than it has available. To continue to grow the brand, the Company could require additional funding which could include raising more money on the ASX, borrowing money from financial institutions or investors. Raising more capital is not guaranteed and without the additional capital required could lead to lower revenues than expected.

(n) **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 that failure could harm its business. Any failure to properly meet customer demand could adversely affect the Company's business, including demand for the Company's products/services, revenue collection, customer satisfaction and public perception.

(o) **Risks associated with overseas expansion**

The Cycliq Technology has been constructed so as to be capable of being utilised in, and marketed to, multiple overseas jurisdictions. The Company generates much of its income from its international distribution network. As the Company seeks to expand into further overseas markets, including Southeast Asia, Europe and Latin America, it may require a physical presence in those countries 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 including the costs of establishing a new base in country, overseas regulatory compliance and the potential duplication of overheads and operating costs for the business, are such that the Company's profitability and available working capital will be adversely impacted.

(p) **Customer concentration risk**

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

Distributors account for a significant amount of revenue for the Company. If these distributors were to order less or experience their own difficulties it could have a negative effect on the Company's business operations.

(q) **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.

(r) **Protection of intellectual property rights**

The Company has pursued intellectual property rights protection in the form of trademarks, trade mark applications, patents and patent applications. The patent and trademark applications do not give the Company any currently enforceable rights.

The patents and trademarks (including any subsequently granted pursuant to the applications) are only enforceable in the territories in which they are registered. The Company may have to consider applying for patent and trademark registration in further territories as its operations and product range expands in order to protect its intellectual property rights in those areas but there is no guarantee that any such applications would be successful.

Legal standards relating to the validity, enforceability and scope of protection of intellectual property rights vary 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 may eventually be launched. Accordingly, despite its efforts, the Company may not be able to prevent third parties from copying, infringing upon or misappropriating its intellectual property.

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

(s) **Failure to licence technology or intellectual property**

The Company is developing intellectual property which if patented, could be licensed for the use of third parties which could pay for the use of that intellectual property. If the intellectual property is not patented or if no third party is found to want the intellectual property, it would lead to a lower than anticipated revenue which would have a negative impact on the future financial status of the Company.

(t) **Failure to collect or sell sourced data (Big Data)**

The Company hopes to collect data from its customers which could be re-purposed and licensed to third parties (**Big Data**). Revenue from this source might not eventuate if the Company is unable to secure this data or find a third party to purchase this data. If either or both of these outcomes occurs, anticipated revenues will be less than anticipated having a negative impact on future cash flows for the Company.

(u) **Premium smartphone application risk**

Other revenue streams in which the Company is looking into is premium smartphone applications ('apps') for sale on iTunes and Google Play stores. The Company has not made a premium smartphone application in the past. The Company's customers might not purchase such applications made by the Company which could lead to less than

anticipated revenue realisation and could have a negative effect on the financial outcomes for the Company.

(v) **Currency risk**

The Company expects to derive a majority of its revenue from the United States, in US dollars. Accordingly, changes in the exchange rate between the United States dollar and the Australian dollar would be expected to have a direct effect on the performance of the Company.

(w) **Manufacturer and supplier risk**

The Company does not have internal manufacturing capabilities and relies on contractors to manufacture the products. The Company currently relies on a single head-contractor in Hong Kong, which manages the manufacture through various sub-contractors in mainland China.

Any termination or significant damage to the arrangements with the Company's manufacturing head contractor could affect the Company'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 the Company's 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 a second manufacturing contractor may assist the Company in managing and reducing some of these risks.

Whilst the Company does not control contracted manufacturers or suppliers, the Company 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.

(x) **Inventory risk**

To ensure there is an appropriate amount of inventory for each of the product lines, the Company forecasts 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 the Company to source increased production capacity which would incur greater than anticipated costs of components and production leading to lower business and operating results.

(y) **Product support and warranties**

The Company offers a limited warranty, depending on jurisdiction, on its products 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 have not been made before and there is a risk that a product may be faulty or require a recall.

(z) **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.

(aa) **Logistics and shipping**

The Company 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 our ability to maintain business operations. Currently, only a few providers of these services are used and if one were to stop operations it could cause significant delays to the Company's operations and the ability to deliver products to customers.

(bb) **Environmental regulations**

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

(cc) **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 centre for the Company. Developing new and innovative products involves many unknown factors such as requiring materials not yet available to design and engineering challenges that could require substantial additional resources. There may not be commercially appropriate uses for these products.

(dd) **New products**

Developing related products and accessories to support the main Company products could divert consumer interest and internal human resources away from the core range of the Company's 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 costs products could



ultimately reducing general revenues if there is greater demand for the related products.

(ee) **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 markets usually cost substantially more to penetrate than a known market.

(ff) **Growth of staff and ability to manage operations**

The Company anticipates the number of its staff to grow substantially in the next 12 months. This growth may place a strain on office accommodation potentially requiring additional or upgraded premises which could cost more than expected and may have an adverse effect on business and operating expenses. If the Company continues to grow their human capital and find the demand for the Company's products is not as anticipated or expenses are higher than anticipated, the Company may have to take action to manage outgoings. This could result in workforce reductions or office accommodation changes or other restructuring costs.

### 7.3 **General Risks**

(a) **Reliance on key management**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and directors. There can be no assurance that there will be no detrimental impact on the performance of the Company or its growth potential if one or more of these employees cease their employment and suitable replacements are not identified and engaged in a timely manner.

(b) **Trading price of Shares**

The Company's operating results, economic and financial prospects and other factors will affect the trading price of the Shares. In addition, the price of Shares is subject to varied and often unpredictable influences on the market for equities, including, but not limited to, general economic conditions including the performance of the Australian dollar on world markets, inflation rates, foreign exchange rates and interest rates, variations in the general market for listed stocks in general, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks, reviews by market analysts, and hedging or arbitrage trading activity that may develop involving the Shares.

In particular, the share prices for many companies have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions relating to certain unstable regions of the world, acts of terrorism and the general state of the global economy. No assurances can be made that the Company's market performance will not be adversely affected by any such market fluctuations or factors.

(c) **Additional requirements for capital**

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

(d) **Litigation risks**

The Company is exposed to possible litigation risks including intellectual property claims, contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position.

(e) **Economic risks**

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.

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

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

(f) **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.

(g) **Force majeure**

The Company, now or in the future, may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(h) **Acquisitions**

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

#### **7.4 Speculative investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

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## **8. ADDITIONAL INFORMATION**

### **8.1 Litigation**

As at the date of this Prospectus, the Company is not involved in any material litigation.

### **8.2 Continuous disclosure obligations**

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

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

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

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

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

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

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) 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:
  - (i) the annual financial report most recently lodged by the Company with the ASIC;

- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

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

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

Date	Description of Announcement
15/05/2017	Appendix 3B
05/05/2017	Cycliq announces growth initiatives and capital raising
03/05/2017	Trading Halt
02/05/2017	Final Director's Interest Notice
02/05/2017	Final Director's Interest Notice
28/04/2017	Cycliq Business Update
28/04/2017	Appendix 4C - quarterly
24/04/2017	Cycliq expands online sales network by adding Pushys Online
20/04/2017	Cycliq Group to sell via Cycling Express
18/04/2017	Cycliq firms Asian foothold with products on Amazon Japan
12/04/2017	Cycliq adds 99 Bikes to its list of Australian distributors
10/04/2017	Cycliq expands global reach with new distributor in Malaysia
05/04/2017	Cycliq launch online sale portal for Australian bike dealers
03/04/2017	Cycliq Group to sell direct through Bikebug
30/03/2017	Cleansing Statement
30/03/2017	Appendix 3B
21/03/2017	Cycliq announces direct sale account in New Zealand
17/03/2017	Initial Director's Interest Notice
17/03/2017	Cycliq Appoints Cyril Daoud as Non-Executive Director
17/03/2017	Cycliq announces distribution partnership in Korea
16/03/2017	Becoming a substantial holder
09/03/2017	Cycliq to change Australian product distribution model
01/03/2017	Half Year Accounts
13/02/2017	Initial Director's Interest Notice
09/02/2017	Cycliq Appoints Mike Young as Non-Executive Director
08/02/2017	Investor Presentation
02/02/2017	Appendix 3B
27/01/2017	Appendix 4C - quarterly
16/01/2017	Release from escrow
06/12/2016	Statement of Restricted Securities
06/12/2016	Statement of Confirmations
06/12/2016	Updated Pro-Forma Statement of Financial Position
06/12/2016	Statement of Commitments (updated for actual subscriptions)
06/12/2016	Securities Trading Policy
06/12/2016	Incentive Option Plan
06/12/2016	Audited Accounts - Federation Enterprises - 30 June 2016
06/12/2016	Audited Accounts - Federation Enterprises - 30 June 2015
06/12/2016	Replacement Prospectus
06/12/2016	Audited Accounts - Federation Enterprises - 30 June 2014

Date	Description of Announcement
06/12/2016	Constitution
06/12/2016	Capital Structure
06/12/2016	Appendix 1A and Information Form and Checklist
06/12/2016	Top 20 Holders
06/12/2016	Distribution Schedule
06/12/2016	Pre-Reinstatement Disclosure
06/12/2016	Reinstatement to Official Quotation - 8 December 2016
06/12/2016	ASX Notice - Reinstatement to Official Quotation - 8/12/16
05/12/2016	Cycliq Confirms Major Distribution Deal Across UK, Ireland
02/12/2016	Becoming a substantial holder
30/11/2016	Results of Meeting
29/11/2016	Becoming a substantial holder
29/11/2016	Becoming a substantial holder
29/11/2016	Final Director's Interest Notice
29/11/2016	Final Director's Interest Notice
29/11/2016	Initial Director's Interest Notice
29/11/2016	Initial Director's Interest Notice
29/11/2016	Initial Director's Interest Notice
29/11/2016	Appendix 3B
29/11/2016	COMPLETION OF ACQUISITION OF CYCLIQ
11/11/2016	Voyager closes Public Offer following strong demand
04/11/2016	Extension of Cycliq Public Offer
31/10/2016	Notice of Annual General Meeting/Proxy Form
31/10/2016	Quarterly Activities Report
31/10/2016	Quarterly Cashflow Report
26/10/2016	Lifting of interim stop order
26/10/2016	Replacement Prospectus
19/10/2016	EXTENSION OF CYCLIQ PUBLIC OFFER
11/10/2016	Update on Cycliq Public Offer
29/09/2016	Prospectus
19/09/2016	Appendix 4G
19/09/2016	Annual Report to shareholders

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website at [www.cycliq.com](http://www.cycliq.com).

### 8.3 Market price of shares

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

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

Highest	0.041	16, 22 and 23 February 2017
Lowest	0.028	12 and 13 May 2017
Last	0.028	13 May 2017

### 8.4 Material contracts

The following are summaries of the significant terms of the material agreements which relate to the business of the Company.

#### 8.4.1 Underwriting Agreement

By an agreement between the Underwriter and the Company (**Underwriting Agreement**), the Underwriter agreed to partially underwrite the Offer for up to 60,000,000 Shares (**Underwritten Securities**).

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting fee of 4% of the value of the Underwritten Securities.

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

- (d) any adverse change occurs in the assets, liabilities, financial position and performance, profits, losses or prospects of the Company and any subsidiary of the Company (**Group**) (in so far as the position in relation to an entity in the Group will or may affect the overall position of the Company) including any material adverse change in the assets, liabilities, financial position and performance, profits, losses or prospects of the Group from those respectively disclosed in public information;
- (e) there is introduced or there is announced a proposal to introduce into the Parliament of Australia or any State of Australia in which the Company offers products or services a new law or any authority of the Commonwealth or any State in which the Company offers products or services adopts or announces a proposal to adopt a new policy, any of which does or is likely to materially adversely affect the successful promotion of those products or services or the industry in which the Company conducts its business;
- (f) the Company withdraws the Offer;
- (g) hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, the Commonwealth of Independent States or any of its constituent republics, Canada, Japan, Thailand, Singapore, Malaysia, Hong Kong, North Korea or the Peoples' Republic of China;
- (h) the S&P/ASX All Ordinaries Index decreases to a level that is at least 15% below the level of that Index as at the close of trading on the date of the Underwriting Agreement and remains at or below that level for 3 consecutive Business Days;
- (i) there is introduced or there is announced a proposal to introduce into the Parliament of Australia or any State of Australia a new law or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt a new policy, any of which does or is likely to prohibit or regulate, in a materially adverse way, the principal business of the Company, the Offers, capital issues generally or stock markets generally;
- (j) a director of the Company is charged with an indictable offence;
- (k) there occurs a contravention by the Company or any entity in the Group of the Corporations Act or its constitution which materially adversely affects the principal business of the Company or the Offers;

- (l) there is a default by the Company in the performance of any of its material obligations under the Underwriting Agreement;
- (m) a representation or warranty contained in the Underwriting Agreement on the part of the Company is or becomes untrue or incorrect in any material respect and the matters rendering the warranty untrue or incorrect are not remedied to the satisfaction of the Underwriter prior to the issue of the Shortfall Notice; or
- (n) any litigation, arbitration or other legal proceeding is commenced against any entity in the Group which materially adversely affects the principal business of the Company or the Offers.

#### 8.4.2 Mandate letter

On 2 May 2017, the Company and Merchant Corporate entered into a proposal in which Merchant Corporate will act as manager in relation to the Placement and the Offer (**Capital Raising**) (**Mandate**). Under the Mandate, the Company will pay Merchant Corporate a management fee equal to 2% of the total funds raised under the Capital Raising and a Placement fee of 4% of the total funds raised under the Capital Raising. The Company will also reimburse Merchant Corporate for out of pocket expenses incurred.

#### 8.5 Interests of Directors

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

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

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
  - (i) the formation or promotion of the Company; or
  - (ii) the Offer.



### **Security holdings**

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director	Shares	Performance Shares	Entitlement	\$
Chris Singleton	Nil	Nil	Nil	-
Cyril Daoud	Nil	Nil	Nil	-
Michael Young	Nil	Nil	Nil	-
Piers Lewis	414,004	Nil	41,400.40	\$1,035

The Board recommends all Shareholders take up their Entitlement and advises that Mr Piers Lewis intends to take up his Entitlement.

### **Remuneration**

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$350,000 per annum.

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

The following table shows the total annual remuneration paid to both executive and non-executive directors.

Director	2015	2016	2017
Chris Singleton	Nil	Nil	\$50,000
Cyril Daoud	Nil	Nil	\$40,000
Michael Young	Nil	Nil	\$40,000
Piers Lewis	Nil	\$69,884	\$40,000

## **8.6 Interests of experts and advisers**

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

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

Merchant Advisory Limited will be paid an underwriting fee of approximately \$60,000 in respect of this Offer. During the 24 months preceding lodgement of this Prospectus with the ASIC, Merchant Advisory Limited has not paid any fees to the Company.

Merchant Corporate Advisory Pty Ltd will be paid a \$30,000 management fee in respect of this Offer. During the 24 months preceding lodgement of this Prospectus with the ASIC, Merchant Corporate Advisory Limited has been paid fees totalling \$462,345.41 by the Company.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$20,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$244,672.30 (excluding GST and disbursements) for legal services provided to the Company.

## 8.7 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other

parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section;
- (c) Merchant Advisory Limited has given its written consent to being named as underwriter to the Offer in this Prospectus, in the form and context in which it is named;
- (d) Merchant Corporate Advisory Pty Ltd has given its written consent to being named as lead manager to the Offer in this Prospectus, in the form and context in which it is named; and
- (e) Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

## 8.8 Expenses of the Offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$122,350 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,350
Underwriting fees	60,000
Manager to the Offer fees	30,000
Legal fees	20,000
Printing and distribution	10,000
<b>Total</b>	<u>122,350</u>

## 8.9 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 8 6555 2950 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at [www.cycliq.com](http://www.cycliq.com).

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

## **8.10 Financial forecasts**

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

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

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

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

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

## **8.12 Privacy Act**

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

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

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

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

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**9. DIRECTORS' AUTHORISATION**

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

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

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Piers Lewis

**Director**

**For and on behalf of  
CYCLIQ GROUP LIMITED**

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## 10. GLOSSARY

**\$** means the lawful currency of the Commonwealth of Australia.

**Applicant** means a Shareholder who applies for Shares pursuant to the Offer or a Shareholder or other party who applies for Shortfall Shares pursuant to the Shortfall Offer.

**Application Form** means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

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

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

**ASX Listing Rules** means the listing rules of the ASX.

**ASX Settlement Operating Rules** means the settlement rules of the securities clearing house which operates CHESS.

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

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

**Closing Date** means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

**Company** means Cycliq Group Limited (ACN 119 749 647).

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

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

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

**Entitlement** means the entitlement of a Shareholder who is eligible to participate in the Offer.

**Entitlement and Acceptance Form** means the entitlement and acceptance form either attached to or accompanying this Prospectus.

**Merchant** means Merchant Advisory Limited, Company Number 1819778.

**Merchant Corporate** means Merchant Corporate Advisory Pty Ltd, Corporate Authorised Representative of Draupner Investment Management Pty Ltd (ABN 16 112 894 845) AFSL No. 303566.

**Offer** means the non-renounceable entitlement issue the subject of this Prospectus.

**Official Quotation** means official quotation on ASX.

**Placement** means the proposed placement as announced to ASX on 5 May 2017 whereby the Company will seek to raise a total of \$2 million (before costs)

by the issue of Shares to institutional and professional investors at an issue price of \$0.025 per Share.

**Prospectus** means this prospectus.

**Record Date** means the date specified in the timetable set out at the commencement of this Prospectus.

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

**Shareholder** means a holder of a Share.

**Shortfall** means the Shares not applied for under the Offer (if any).

**Shortfall Application Form** means the shortfall application form either attached to or accompanying this Prospectus.

**Shortfall Offer** means the offer of the Shortfall on the terms and conditions set out in Section 4.9 of this Prospectus.

**Shortfall Shares** means those Shares issued pursuant to the Shortfall.

**Underwritten Securities** means the 60,000,000 Shares having a value of \$1,500,000. Refer to Section 8.4.1 for further details.

**WST** means Western Standard Time as observed in Perth, Western Australia.