

SPECTUR LIMITED

ACN 140 151 579



PROSPECTUS

INITIAL PUBLIC OFFERING

Share Offer

For the offer to the public of 21,250,000 Shares at an issue price of \$0.20 per Share to raise \$4,250,000 (before costs), with the ability to accept oversubscriptions of up to an additional 1,250,000 Shares to raise up to an additional \$250,000 (before costs).

Refer to Section 4.1 of this Prospectus for more information in respect of the Share Offer.

Option Offer

For the offer to the public of up to of 5,500,000 Options at an issue price of \$0.01 per Option to raise up to \$55,000 (before costs). Refer to Section 4.2 of this Prospectus for more information in respect of the Option Offer.

Proposed ASX Code

SP3

Lead Manager



ALTO
CAPITAL

Alto Capital
(AFSL No. 279099)



IMPORTANT NOTICE | This Prospectus and the accompanying Application Forms contain important information and should be read in their entirety. If you have any questions about an Offer or this Prospectus, you should speak to your professional adviser. The Securities offered by this Prospectus should be considered as a speculative investment.

CORPORATE DIRECTORY

Directors

Charles Richard Wallace Wilkins
Executive Chairman

Peter William Holton
Managing Director

Stephen Paul Bodeker
Non-Executive Director

Andrew Mark Hagen
Non-Executive Director

Joint Company Secretaries

Japheth Dela Torre*

Suzie Jayne Foreman

Registered Office

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Cockburn Central, Western Australia 6164

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Email: info@spectur.com.au

Securities Registry**

Automic Pty Ltd
trading as 'Automic Registry Services'
Level 2, 267 St Georges Terrace
Perth, Western Australia 6000

PO Box 2226
Strawberry Hills, New South Wales 2012

Telephone: 1300 288 664
Facsimile: (02) 8583 3040
Email: hello@automic.com.au
Website: www.automic.com.au

Proposed ASX Code

SP3

Website

<https://www.spectur.com.au/>

Lead Manager

Alto Capital
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West Perth, Western Australia 6005
AFSL No. 279099

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Email: adam@altocapital.com.au;
david@altocapital.com.au

Solicitors to the Offers

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Level 17, 225 St Georges Terrace
Perth, Western Australia 6000

Investigating Accountant and Auditor

HLB Mann Judd (WA Partnership)
Level 4, 130 Stirling Street
Perth, Western Australia 6000

Intellectual Property Advisor

Patenteur Pty Ltd
IMB Building, Amberley Business Centre
1060 Hay Street
West Perth, Western Australia 6005

*Japheth Dela Torre has advised the Board that he intends to step down as a Company Secretary upon Spectur's admission to ASX.

**Included for information purposes only. This entity has not been involved in the preparation of this Prospectus.

Cover Photo: Spectur HD4 security camera system.
Inside Cover Photo: Spectur HD4 security camera
system in operation.

IMPORTANT INFORMATION

Prospectus

This Prospectus is dated 19 June 2017 and was lodged with ASIC on that date. Neither ASIC nor ASX take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Spectur will apply to ASX within 7 days following the Prospectus Date for the Shares offered by this Prospectus to be listed for quotation by ASX. Spectur will not apply for quotation of the Options offered by this Prospectus.

Spectur will not issue any Offer Securities on the basis of this Prospectus later than 13 months after the Prospectus Date.

Before applying for Offer Securities under this Prospectus, potential investors should carefully read this Prospectus so that they can make an informed assessment of:

- the rights and liabilities attaching to the Offer Securities (including in the case of Options, the underlying Shares);
- in the case of Options, Spectur's capacity to issue or deliver the underlying Shares;
- the assets and liabilities of Spectur; and
- Spectur's financial position, performance and prospects.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Offer Securities the subject of the Offers should be considered speculative.

Spectur has not authorised any person to give any information or make any representation in connection with the Offers which is not contained in this Prospectus. Any information or representation not contained in this Prospectus should not be relied on as having been made or authorised by Spectur or the Directors.

Exposure Period

This Prospectus is subject to an exposure period of 7 days from the date of lodgement with ASIC pursuant to the Corporations Act. ASIC may extend this period by a further 7 days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus, and, in such circumstances, any Applications received during the Exposure Period may need to be dealt with in accordance with section 724 of the Corporations Act.

This Prospectus will be available online at Spectur's website, <https://www.spectur.com.au/>, or in hard copy upon request during the Exposure Period. Applications received during this time will not be processed until after the expiration of the Exposure Period and preference will not be conferred on such Applications.

Electronic Prospectus

This Prospectus may be viewed in electronic form at <https://www.spectur.com.au/> by Australian investors only. If you receive the electronic form of this Prospectus you should ensure that you download and read the entire Prospectus. A paper copy of this Prospectus may be obtained free of charge on request during the Offer Periods by calling the Securities Registry. The information on Spectur's website, <https://www.spectur.com.au/>, does not form part of this Prospectus

Applications

Applications for Offer Securities may only be made on printed copies of an Application Form attached to or accompanying this Prospectus. The Corporations Act prohibits any person from passing an Application Form to any other person unless it is attached to, or accompanied by, a hard copy of this Prospectus or a complete and unaltered electronic copy of this Prospectus.

An Application Form included in this Prospectus may only be distributed if it is included in, or accompanied by, a complete and unaltered copy of this Prospectus. Each Application Form contains a declaration that the investor has personally received the complete and unaltered Prospectus prior to completing the Application Form. Spectur reserves the right not to accept a completed Application Form if it has reason to believe that the Applicant has not received a Prospectus or that the Application Form has been altered or tampered with in any way.

Privacy

If you apply for Offer Securities, you will provide personal information to Spectur and the Securities Registry. Spectur and the Securities Registry will collect, hold and use your personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request and carry out appropriate administration. Corporate and taxation laws require Spectur to collect some personal information. If you do not provide the information requested, your Application may not be able to be processed efficiently, or at all.

Jurisdictional Restrictions

Spectur has not taken any action to register or qualify Offer Securities or the Offers, or otherwise to permit a public offering of Offer Securities, in any jurisdiction outside Australia.

The distribution of this Prospectus (including in electronic form) in jurisdictions outside Australia may be restricted by law and therefore persons outside Australia who obtain this Prospectus should seek advice on, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer or invitation in any jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer or invitation.

IMPORTANT INFORMATION | CONTINUED

Residents of the United Stated of America

The Offer Securities have not been, and will not be, registered under the US Securities Act of 1993 as amended (**US Securities Act**), and may not be offered, sold or resold:

- in the United States or to, or for the account or benefit of US Persons (as defined in Rule 902 under the US Securities Act) except in a transaction exempt from the registration requirements of the US Securities Act and applicable United States state securities laws; and
- outside the United States, except to non-US persons in offshore transactions in compliance with Regulation S under the US Securities Act.

Residents of the United Kingdom

If you have received this Prospectus and you are a resident in the UK, the content of this Prospectus has not been approved by an authorised person within the meaning of the Prospectus Directive (Directive 2003/71/EC) or as a financial promotion for the purposes of section 21 of the Financial Services and Markets Act 2000 of the UK. This Prospectus is not a prospectus for the purposes of the Prospectus Directive.

If you are considering engaging in any investment activity, you should seek appropriate independent financial advice and make your own assessment. It is emphasised that this Prospectus is being provided to you in reliance upon your acknowledgement and acceptance that this Prospectus is being made to and directed solely at persons in the UK who are reasonably believed to be of a kind described in Article 19(5) (persons having professional experience in matters relating to investment) or Article 49(2)(a)-(d) (high net worth companies, unincorporated associations, etc) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended), and persons who are otherwise permitted by law to receive it (all such persons together being referred to as **Relevant Persons**). This Prospectus must not be acted upon or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this Prospectus relates is available only to Relevant Persons and will only be engaged in with such persons. Any recipient of this Prospectus who is not a Relevant Person should return it to Spectur immediately and not take any other action.

Residents of Singapore

This Prospectus has not been registered with the Monetary Authority of Singapore. This Prospectus and any other materials in connection with the offer or sale, solicitation or invitation for subscription, or purchase of Offer Securities may not be circulated or distributed, nor may the Offer Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore, other than to the following (each an **Exempt Investor**):

- to an 'institutional investor' under section 274 of the Securities and Futures Act, Chapter 289 of Singapore (**SFA**);
- to a 'relevant person' pursuant to section 275(1) of the SFA, or any person pursuant to section 275(1A) of the SFA, and, in each case, in accordance with the conditions specified in section 275 of the SFA; or
- otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Offer Securities are subscribed for or purchased, and if you are an Exempt Investor, you are subject to restrictions on transferability and re-sale. The Offer Securities may not be transferred or re-sold in Singapore, except as permitted under the SFA. By accepting this Prospectus, you agree to be bound by the disclaimers, limitations and restrictions described herein.

This Prospectus is distributed in connection with an offer of Offer Securities in Singapore that will not be issued to any person other than a person to whom this Prospectus is sent with the consent of Spectur. A person receiving a copy of this Prospectus in Singapore may not treat the same as constituting an invitation to that person unless such an invitation could lawfully be made to them without compliance with any registration or legal requirements, or where such registration or legal requirements have been complied with.

Residents of Hong Kong

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

This Prospectus has not been registered in Hong Kong and it has not been approved by the Securities and Futures Commission of Hong Kong under the Securities and Futures Ordinance (Chapter 571) of Hong Kong (**SFO**). This Prospectus and any other materials in connection with the offer or sale, solicitation or invitation for subscription, or purchase of Offer Securities may not be circulated or distributed, nor may the Offer Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Hong Kong, other than to the following:

- to a 'professional investor' under the SFO; or
- in circumstances which will not result in this Prospectus constituting a 'prospectus' under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance.

By accepting this Prospectus, you agree to be bound by the disclaimers, limitations and restrictions described herein.

Forward-Looking Statements

This Prospectus contains forward-looking statements which incorporate an element of uncertainty or risk, such as ‘intends’, ‘may’, ‘could’, ‘believes’, ‘estimates’, ‘targets’ or ‘expects’. These statements have been prepared with all reasonable care and attention, based on an evaluation of current economic and operating conditions, as well as assumptions regarding future events. These events are, as at the Prospectus Date, expected to take place, but there cannot be any guarantee that such events will occur as anticipated or at all given that many of the events are outside Spectur’s control. They may be affected by matters such as those outlined in Section 7.

Spectur and the Directors 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. Further, other than by lodgement of a replacement or supplementary prospectus during the Offer Periods if required by law, Spectur may not update or revise any forward-looking statement if events subsequently occur or information subsequently becomes available that affects the original forward-looking statement.

Limited Prospective Financial Forecasts

The Directors have considered the matters outlined in ASIC Regulatory Guide 170. Spectur will use the proceeds of the Offers to further research and develop its security surveillance products and related systems. As Spectur is an early stage company which has not fully commercialised its security surveillance products and related systems, other than the short-term revenue forecast for the 2016/17 financial year in Section 2.8(b), reliable forecasts of any possible revenue, earnings, profits and expenses cannot be prepared. Accordingly, the Directors have not included forecasts in this Prospectus other than the revenue forecast mentioned above.

Transparency Market Research Information

The industry and market data used in this Prospectus from the Market Report represents Transparency Market Research’s opinions and best estimates based on the information available to it at the time of publication (April 2017), not at the Prospectus Date. The information represents Transparency Market Research’s interpretation and analysis of data and information generally available to the public or released by specific businesses the subject of the report. It is not guaranteed as to accuracy or completeness and does not contain information provided to Transparency Market Research in confidence by the industry. Forward-looking statements and estimates in the report should not be relied upon as statements of fact. Any opinions, forward-looking statements and estimates contained in the report are subject to change.

Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration purposes only and should not be interpreted to mean that any person shown endorses this Prospectus or its content. Diagrams are illustrative only and may not be drawn to scale. The people and assets depicted in photographs in this Prospectus are not employees or assets of Spectur unless specifically stated.

Meaning of Terms

Capitalised terms and certain other terms used in this Prospectus are defined in the Glossary in Section 14.

References to “our”, “us” and “we” are references to Spectur.

References to “I”, “you” and “your” are references to the Applicant.

Currency

References to “\$”, “A\$”, “AUD”, or “dollar” are references to Australian currency, unless otherwise stated.

References to “US\$” are references to United States currency, unless otherwise stated.

Time

References to time relate to the time in Perth, Western Australia, unless otherwise stated.

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KEY OFFER INFORMATION

Indicative Timetable

Event	Target Date
Lodgement of Prospectus with ASIC	Monday, 19 June 2017
Expiry of Exposure Period	Monday, 26 June 2017
Opening Date of the Offers	Tuesday, 27 June 2017
Closing Date of the Offers	Friday, 21 July 2017
Issue of Offer Securities under the Offers	Wednesday, 26 July 2017
Despatch of Holding Statements	Wednesday, 26 July 2017
Offer Securities commence trading on ASX	Monday, 31 July 2017

Note: These dates are indicative only and subject to change. Spectur, acting in consultation with the Lead Manager, may vary these dates without notice, including whether to close an Offer early, extend an Offer, or accept late Applications, either generally or in particular cases, without notification. The Opening Date will be affected by any extension of the Exposure Period.

Key Offer Details

Offer	Minimum Subscription (\$4,250,000)	Maximum Subscription (\$4,555,000)
Share Offer		
Price per Share under the Share Offer	\$0.20	\$0.20
Shares offered under the Share Offer	21,250,000	22,500,000
Cash proceeds of the Share Offer (before costs)	\$4,250,000	\$4,500,000
Option Offer		
Price per Option under the Option Offer	\$0.01	\$0.01
Options offered under the Option Offer	5,500,000	5,500,000
Cash proceeds of the Option Offer (before costs)	Nil	\$55,000



CHAIRMAN’S LETTER

Dear Investor

On behalf of the Board of Directors, it is my privilege and pleasure to present this Prospectus for Spectur’s initial public offer.

The Market

In the last few years, it has become clear that opportunistic and targeted crime is becoming an ever- increasing problem, particularly for businesses. This problem has been mitigated to some extent by the use of security and surveillance technology in locations which have access to power and communications. However, in areas where electrical power or cabled internet connection may not be readily available, or to obtain such would be cost prohibitive, the problem remains hard to overcome.

Developers, builders and site managers in a variety of industries that work in non-powered areas are losing valuable materials and equipment on a regular basis. Additionally, these businesses are incurring significant further losses due to the high costs of physical damage caused by offenders.

Short deliveries, contractors arriving late or leaving early, and ‘strategic’ pilfering can also add substantial costs to operating a project or business. One of the largest hidden costs of site crime are the delays caused as a result of these incidents. Missing completion targets or other timeframes can have costly repercussions for businesses.

It is estimated that the potential market size for Spectur’s security surveillance products is large and growing, as outlined in Section 3 of this Prospectus. The market size in Australasia alone for video surveillance and video surveillance as a service (VSaaS) is estimated to be valued at approximately US\$0.73 billion in 2016, with an estimated growth to US\$3.31 billion in 2025¹.

The Business

Spectur has spent several years developing its current technology from the ground up, to provide state-of-the-art high definition security camera networks which are solar-powered and connected by reliable 3G/4G telecommunications networks.

Spectur has the ability to control its systems architecture, meaning that customisation and adaptation to suit different markets is achievable. The evolution of 4G technology has significantly impacted the growth of the market. Spectur has taken advantage of improved internet broadband data coverage as internet service providers such as Telstra extend their coverage to remote areas. As improved broadband technology such as 5G rolls out, Spectur anticipates that it will be able to offer even faster response times for alarm notifications.

Spectur’s track record of preventing crime before it occurs, as well as offering a valuable management tool to non-powered sites, has been the inspiration to embark on a structured program to place its product and service offering as a disruptive agent to meet a rapidly increasing market; a market which, it could be said, that we are helping to create.

Spectur’s network consists of its proprietary camera technology as well as its scalable, cloud-based technology and a comprehensive analytics package resident in multiple servers, to monitor performance and exchange encrypted data with our remote camera systems. As part of ongoing research and development activities, Spectur’s design team is in the process of developing a number of product enhancements to extend the range of acquisition areas of the Spectur camera system. We believe that, if commercialised in new product and service offerings, these enhancements have the potential to add value to clients in the multiple camera scenario and assist the growth of the Spectur business.

Spectur has sought to protect its proprietary technology and has been granted one innovation patent and has two further innovation patent applications in process. These patents encompass a number of innovative ideas that, in addition to lifting the product versatility, will maintain our disruptive influence on current and potential competitors.

Until recently, during the development phases, Spectur has confined its business to Western Australia. However, Spectur is now setting up operations in Victoria and is planning to establish a presence New South Wales as a result of growing client enquiries. Spectur intends to position itself to potentially become a global supplier of reliable solar-powered camera networks and, with access to additional resources and capital, has a clear focus of becoming the default supplier of this type of product and service. The business model adopted by Spectur from inception has been to offer unparalleled quality of service which targets earnings from sales, trailing incomes and rental contracts.

CHAIRMAN’S LETTER | CONTINUED

The Team

Spectur’s executive team is comprised of experienced individuals who are totally dedicated to grow Spectur and consequently generate wealth for its Shareholders.

Spectur’s Managing Director, Mr Peter Holton, has extensive experience in product sales and marketing, and has an outstanding track record of building small businesses into larger profitable operations.

Spectur’s head of research and development, Dr Nick Le Marshall, has had an impressive career in product developments and design innovation in a number of arcane electronic disciplines such as millimetre radar and military electronic equipment. Dr Le Marshall designed and implemented Spectur’s cloud server technology and analytics programs to monitor and control remote equipment, such as cameras and other remote devices.

As Spectur’s Executive Chairman and founding shareholder, I have over 40 years’ entrepreneurial management and engineering experience in the electronic and communications industries, which I will continue to apply to Spectur’s business.

The Offers

Spectur is seeking to raise a minimum of \$4,250,000 (before costs) with capacity to accept oversubscriptions of up to an additional \$250,000 (before costs) under the Share Offer, and up to a further \$55,000 (before costs) from the Option Offer. The funds are primarily intended to be applied towards expanding Spectur’s operations into all States and Territories of Australia and thereafter, to look towards expanding internationally.

Please refer to Section 4 of this Prospectus for details about the Offers, and how you can submit an Application.

On behalf of the Board, I look forward to welcoming you as a supportive shareholder of Spectur.

Yours faithfully,



Richard Wilkins

Executive Chairman

¹Market Report.

1. INVESTMENT OVERVIEW

Topic	Summary	Further Information
Prospectus		
Who is the issuer of this Prospectus?	Spectur Limited (ACN 140 151 579), referred to as “ Spectur ” in this Prospectus.	Important Information
What is the purpose of this Prospectus and the Offers?	<p>The purpose of this Prospectus is:</p> <ul style="list-style-type: none">to make the Offers to existing and prospective new investors and raise up to \$4,555,000 (before costs);to satisfy the requirements for the admission of Spectur to the Official List of ASX which will enable efficient trading of Spectur’s Securities, as well as to increase access to additional future funding after the Offers; andto position Spectur to meet its business objectives, being primarily to provide funding to facilitate the further development and commercialisation of Spectur’s remote high-definition security cameras which operate using solar power and transmit images using the 3G and 4G mobile telephone network.	Section 4.3
Business Model		
What industry or sector does Spectur operate in?	Spectur’s business currently operates in the Australian security surveillance industry, with a specific focus on solar-powered security camera systems.	Section 3
What does Spectur do?	<p>Overview</p> <p>Spectur provides security surveillance products and services which are primarily targeted for use on commercial and industrial sites that may or may not have access to electrical power and telecommunications networking activity.</p> <p>Spectur’s products and systems operate on an IOT ‘Internet of Things’ basis. This means that the security surveillance products are accessed, controlled and managed through Spectur’s proprietary software systems.</p> <p>Products and services</p> <p>Spectur designs, develops, manufactures and installs solar-powered security surveillance camera systems.</p> <p>Spectur’s core product and latest remote security surveillance system is the Spectur HD4 security camera system. This system consists of a low-light image sensor, which is solar powered and has substantial backup battery capacity in the event of prolonged insufficient sunlight, and is available in two versions – either as a 2 megapixel system or a 3.4 megapixel system.</p> <p>The Spectur HD4 security camera system is designed to be continuously linked to the internet so that Spectur can access, control and manage the system through its back-end cloud-based IOT Management Platform, and clients can continuously access the system through the front-end Client Surveillance Interface.</p> <p>Spectur’s IOT Management Platform has been built in-house and provides Spectur with the ability to control and manage a variety of IOT devices. All Spectur HD4 security camera systems in operation are currently controlled and managed by this platform.</p> <p>Spectur’s Client Surveillance Interface is a dedicated user-friendly interface, which allows users to view videos and images both in real time, and at historical points in time. Users are also able to control some functions of the system through the interface, e.g. to turn on lights or sound an alarm.</p> <p>Spectur’s key service offering is the use of the IOT Management Platform and the Client Surveillance Interface on a licence basis. This licence is currently provided on a month to month basis, as a ‘Video Surveillance-as-a-Service’ (VSaaS) licensing model.</p>	Section 2

1. INVESTMENT OVERVIEW | CONTINUED

Topic	Summary	Further Information
What is Spectur’s business model and strategy?	<p>Overview</p> <p>Spectur’s business currently focuses on the supply of its security surveillance products and services both directly to its own clients and through resellers.</p> <p>Spectur’s business model currently targets the Australian market, with a primary focus in Western Australia, but with a view to expanding initially to Victoria and New South Wales, and then potentially to all States and Territories of Australia.</p> <p>Spectur also proposes to undertake an analysis of a potential overseas expansion, but this is only in the conceptual planning phase at the Prospectus Date.</p> <p>Product and service offering</p> <p>Spectur’s business currently provides the following core products and services:</p> <ul style="list-style-type: none">sales: direct and indirect sales of its security surveillance products through various resellers – this includes supplying resellers with its products on a ‘white label’ or own-brand basis for on-supply by resellers under their own brand;rental: rental of its security surveillance products to clients;VSaaS licensing: direct licensing and indirect reseller sub-licensing of its Client Surveillance Interface and IOT Management Platform on a ‘Video Surveillance-as-a-Service’ model to users of its security surveillance products;data plan: rental of mobile telephone network data plans for use with its security surveillance products; andmonitoring: arranging for the monitoring of clients’ security footage by professional third-party security firms. <p>Strategy</p> <p>Spectur’s primary focus is scaling its revenues by increasing its market share in Australia for solar-powered security surveillance products and services, to be followed by scaling its products and systems for overseas markets.</p> <p>Spectur has recently secured office premises in Melbourne to service the Victorian market and is planning to open a Sydney office to service New South Wales. Spectur intends to establish representation in all major capital cities throughout Australia.</p> <p>Spectur plans to develop new products and services within its core offering, which is intended to assist in increasing revenues and increasing market share of the solar-powered security surveillance market.</p> <p>Target markets</p> <p>Spectur’s primary target markets are:</p> <ul style="list-style-type: none">the construction industry;the civil engineering industry;the mining and energy industry;governments;critical infrastructure; andagriculture. <p>Spectur has developed its current products and services with a view to ensuring they have application to various industries.</p>	Section 2.4

1. INVESTMENT OVERVIEW | CONTINUED

Topic	Summary	Further Information
How is Spectur's corporate group structured?	Spectur does not have any subsidiaries at the Prospectus Date.	Section 2.9
Has Spectur registered intellectual property rights?	<p>Spectur holds one innovation patent and has filed two provisional patent applications in Australia. It also holds two trade marks and has filed for registration of a further two trade marks in Australia. These two trade marks have been accepted for registration, pending a two month public advertisement period.</p> <p>Please refer to the Intellectual Property Report for further details in this regard.</p>	Section 8
Is the industry in which Spectur operates regulated?	<p>Certain security and surveillance activities in Australia are regulated under State and Territory law.</p> <p>Spectur will need to comply with the applicable security laws for each State and Territory within which it performs regulated activities.</p> <p>Spectur's activities in Western Australia are conducted and supervised by the Executive Chairman, Richard Wilkins, who holds a security agent's licence, a security installer's licence and a security consultant's licence in Western Australia.</p> <p>In line with its east coast expansion, Richard Wilkins has applied for and now holds a private security business registration for Spectur in Victoria. Spectur will apply for and obtain any other licences and registrations it or its relevant employees require in order to conduct operations in Victoria, before commencing operations in Victoria.</p>	Section 2.7
What are Spectur's key dependencies?	<p>Spectur's business is largely dependent upon:</p> <ul style="list-style-type: none">• licensing: maintaining the existing security licences under which it operates in Western Australia, as well as obtaining and maintaining equivalent security licences in all other jurisdictions in which it proposes to operate (see Section 2.7);• telecommunications network access: continued availability of mobile telephone and internet data plans with third-party providers on a cost-effective basis;• demand: continued demand for Spectur's solar-powered security cameras and associated services;• system and data security: maintaining the security and integrity of Spectur's systems and data from unauthorised access, data corruption and computer viruses; and• legal regime: the legal and regulatory regime in Australia for security related businesses not being amended (e.g. in relation to privacy concerns) to prohibit or substantially impede any activities currently being conducted by Spectur, or that would make compliance cost prohibitive.	Sections 2.4 and 7

1. INVESTMENT OVERVIEW | CONTINUED

Topic	Summary	Further Information
What material contracts has Spectur entered into?	<p>Spectur is party to the following material contracts:</p> <ul style="list-style-type: none">• the Lead Manager Mandate;• an Executive Employment Contract with Mr Richard Wilkins, Mr Peter Holton and Dr Nick Le Marshall;• a Non-Executive Director engagement letter with Mr Stephen Bodeker and Mr Andrew Hagen;• a Deed of Indemnity, Insurance and Access with each Director;• a Corporate Secretarial Services Agreement with Cobblestones Corporate Pty Ltd, an entity of which Company Secretary and former Non-Executive Director Japheth Dela Torre is employed as a senior consultant;• the Employee Incentive Plan Rules; and• a Reseller Agreement with a Queensland-based reseller.	Section 10
Investment Highlights and Key Risks		
What are the perceived investment highlights and benefits?	<ul style="list-style-type: none">• Spectur has developed its own proprietary security surveillance products and services and is continually progressing and developing its products and services, in particular its solar powered security system products and services.• Spectur's security surveillance products and services have been in operation for a number of years and predominantly service Western Australian commercial and industrial clients.• Spectur is already generating revenues, which are forecast to be \$1,325,000 for the 12 months to 30 June 2017, from primarily servicing the Western Australian market and the funds raised from the Offers will be invested into activities which will be focused on increasing Spectur's revenue.• Spectur's proprietary back-end IOT Management Platform is scalable and can control, monitor and manage additional camera systems and other devices.• Spectur's production of its Spectur HD4 security camera system can be quickly increased as demand for this system intensifies.• Spectur operates in a rapidly changing and in-demand security and surveillance industry which is forecast to grow strongly due to increasing requirements to protect corporate assets and increasing government surveillance spending due to issues such as terrorism.	Section 2

1. INVESTMENT OVERVIEW | CONTINUED

Topic	Summary	Further Information
What are the key investment risks?	<p>The key risks of investing in Spectur are set out below. These risks are not an exhaustive list. Further details of specific risks and general investment risks are set out in Section 7.</p> <p>Telecommunication network providers: Spectur's security surveillance products and systems operate using the 3G and 4G mobile communications networks operated by third-party telecommunications providers (e.g. Telstra). Spectur is reliant upon the continued operation of these networks. Outages or faults with a network could therefore adversely affect Spectur's systems and its clients use of the same.</p> <p>Licensing and regulation: Spectur's business is regulated by State and Territory security activities legislation for which specific licences are required. The suspension or cancellation of such licenses would have an adverse effect on Spectur's reputation, business and financial position.</p> <p>Changes to law: As Spectur's business is regulated by law, its operations are subject to restrictions and compliance with all relevant laws and associated regulations. Changes to this legal and regulatory regime may restrict or prohibit aspects of Spectur's current business and operations, or may result in increased costs of compliance. This may have an adverse effect on Spectur's business and financial position.</p> <p>Design and development: As with all new technology, there is an inherent risk that development of Spectur's security surveillance products and associated systems may encounter development or operational problems, may require refinement or remedial work, or may encounter developmental delays.</p> <p>Competition: There is a risk that competitors or new entrants to the market may develop new, superior or more cost-effective security surveillance products or systems to Spectur's which could have an adverse effect on Spectur's business and financial position.</p> <p>Commercialisation: Spectur's business is at a relatively early stage of its development. While Spectur has been operating since 2009 and is advanced in the commercialisation of its security surveillance products and systems, there cannot be any assurance that it will generate ongoing market interest.</p> <p>Reliance on key personnel: Spectur's key management personnel, senior employees and contractors have played an integral part in developing its security surveillance products and associated systems, including the technology the subject of its innovation patent and patent applications. Spectur's future prospects are partly reliant upon its ability to retain its key personnel or to obtain suitable replacement personnel.</p> <p>Intellectual property registration: Spectur's commercial success is partly reliant upon certain of its intellectual property rights (particularly patent rights) being registered and maintaining their registration. There cannot be any assurance that its applications for registration will be successful or that registrations will be successfully maintained. Further, granted intellectual property rights may not provide the commercial advantages which are intended.</p> <p>Security breaches, data loss, theft or corruption: As Spectur's systems operate using computer and internet systems, there is an inherent risk of unauthorised access, hacking or exploitation of unidentified vulnerabilities of Spectur's system which could lead to loss, theft or corruption of data, notwithstanding Spectur's system security measures. This may negatively affect Spectur's reputation, business and financial position.</p>	<p>Section 7</p> <p>Section 7.2(a)</p> <p>Section 7.2(b)</p> <p>Section 7.2(c)</p> <p>Section 7.2(d)</p> <p>Section 7.2(e)</p> <p>Section 7.2(f)</p> <p>Section 7.2(g)</p> <p>Section 7.2(h)</p> <p>Section 7.2(j)</p>

1. INVESTMENT OVERVIEW | CONTINUED

Topic	Summary	Further Information
Financial Information		
What is Spectur's financial position?	<p>Spectur has completed special purpose financial statements for the financial years ended 30 June 2015 and 30 June 2016, as well as the half financial year ended 31 December 2016, each of which has been audited by the Auditor. These financial statements are available on Spectur's website, https://www.spectur.com.au/.</p> <p>Spectur is currently generating revenue from sales, rental and licence arrangements in relation to its products and services.</p> <p>Spectur is forecasting revenue for the financial year ending 30 June 2017 of \$1,325,000. However, Spectur anticipates that it will make a net statutory loss for the financial year ending 30 June 2017 due to the costs of undertaking the initial public offering and ASX listing, as well as the costs related to growing its business such as research and development and its east coast expansion initiatives.</p> <p>Further financial information regarding Spectur is considered in the Investigating Accountant's Report at Section 9.</p>	Sections 2.8 and 9
How will Spectur generate revenue?	<p>Spectur aims to generate revenue primarily through:</p> <ul style="list-style-type: none">• up-front revenue: sale and rental of Spectur's security surveillance products, including through indirect sales and rental by resellers; and• recurring revenue: licence fees for use of the IOT Management Platform – this service is largely provided in conjunction with the sale or rental of Spectur's security surveillance products.	Section 2.4(c)
Will Spectur pay dividends?	<p>Spectur's primary focus in the short to medium term is to continue development of its security surveillance products and systems, and implement its interstate expansion. Accordingly, Spectur does not have any plan or intention to pay a dividend in the immediate future.</p> <p>Payment of any dividend in the future will depend on Spectur's future profitability and financial position. The Board will review this position on an ongoing basis.</p>	Section 2.12



Photo: Spectur's Client Surveillance Interface.

1. INVESTMENT OVERVIEW | CONTINUED

Topic	Summary	Further Information
Directors and Key Management		
Who are the Directors and key management of Spectur?	<p>The Directors and key management of Spectur are:</p> <ul style="list-style-type: none"> Richard Wilkins – Executive Chairman; Peter Holton – Managing Director; Stephen Bodeker – Non-Executive Director; Andrew Hagen – Non-Executive Director; Japheth Dela Torre – Joint Company Secretary; Suzie Foreman – Joint Company Secretary; and Dr Nick Le Marshall – Technology and Development Manager. <p>Biographies of the Directors and key management are set out in Section 5.1.</p>	Section 5
What payments and benefits are to be made or given to Directors?	<p>The Directors are to receive the following key payments and benefits:</p> <ul style="list-style-type: none"> salary and benefits to be provided to the Executive Chairman, Richard Wilkins, under his Executive Employment Contract with Spectur; salary and benefits to be provided to the Managing Director, Peter Holton, under his Executive Employment Contract with Spectur; director's fees to be paid to the Non-Executive Directors; the benefit of an indemnity from Spectur in respect of certain liabilities that the Directors may incur acting in that capacity; and liability insurance premiums which are paid for by Spectur. 	Sections 10.2, 10.3, 10.4, 10.5, 10.6, 10.7, 12.1, 12.2 and 12.3
What are the interests of Directors in Spectur?	<p>Various Directors hold direct and indirect interests in Securities of Spectur.</p> <p>The Directors may participate in the Offers by subscribing for Offer Securities on the same terms and conditions as other Applicants, as described in Section 12.3.</p>	Sections 4.7, 12.2 and 12.3
Overview of the Offers		
What are the Offers?	<p>Share Offer</p> <p>The offer of 21,250,000 Shares at \$0.20 per Share to raise up to \$4,250,000 (before costs) with the ability to accept oversubscriptions of up to an additional 1,250,000 Shares to raise up to an additional \$250,000 (before costs).</p> <p>Option Offer</p> <p>The offer of 5,500,000 Options at \$0.01 per Option to raise up to \$55,000 (before costs).</p>	Sections 4.1 and 4.2
Are the Offers underwritten?	The Offers are not underwritten.	Sections 4.1(d) and 4.2(d)
What Securities are being offered?	<p>Share Offer</p> <p>The Share Offer is an offer of fully paid ordinary shares in Spectur (i.e. Shares).</p> <p>Option Offer</p> <p>The Option Offer is an offer of options to subscribe for Shares, exercisable at \$0.20 each on or before 31 December 2020.</p>	Sections 11.1 and 11.2

1. INVESTMENT OVERVIEW | CONTINUED

Topic	Summary	Further Information
How will the Offers affect the capital structure?	<p>Shares</p> <p>If the Share Offer closes successfully, the number of Shares on issue will increase from 17,500,000 to a minimum of 39,750,000 and a maximum of 41,000,000.</p> <p>Options</p> <p>If the Option Offer closes successfully, the number of Options on issue will increase from 8,850,000 to 14,350,000.</p> <p>Performance Rights</p> <p>The Offers will not affect the number of Performance Rights on issue.</p> <p>The Lead Manager will receive 1,000,000 Performance Rights on the Share Offer closing successfully and Spectur being granted conditional listing approval by ASX. Accordingly, the number of Performance Rights will increase from 20,000,000 to 21,000,000.</p>	Section 4.6
How will funds raised from the Offers be used?	<p>Spectur intends to use the funds raised from the Offers as follows:</p> <ul style="list-style-type: none"> to complete the establishment of Spectur's Melbourne office and warehouse and establish a Sydney office; for business development, including strategies to increase revenues from existing products and services in Australia and potentially overseas, funding international certifications and analysis of strategic acquisitions; for research and development on existing and new products and systems, including potential intellectual property registration; for general working capital purposes; to pay for the costs of the Offers; and to enable its admission to the Official List of ASX. <p>The above intended uses may be affected by new circumstances and financial requirements that arise. The Board reserves the right to vary the way in which funds are applied.</p> <p>Please refer to Section 4.4 for a more detailed overview of the intended use of funds.</p>	Section 4.4
Will the Offer Securities be quoted on ASX?	<p>Shares</p> <p>Spectur will apply for quotation of Shares under the ASX code "SP3".</p> <p>Options</p> <p>Spectur will not apply for quotation of Options. The Options will remain an unquoted class of Securities.</p>	Section 4.16
Is there a minimum subscription requirement for the Offers?	<p>Share Offer</p> <p>The minimum subscription amount for the Share Offer is \$4,250,000. Shares will not be issued unless and until Applications for this amount are received.</p> <p>Option Offer</p> <p>There is no minimum subscription requirement for the Option Offer.</p>	Sections 4.1(b) and 4.2(b)
What are the expenses of the Offers?	<p>The cash expenses of the Offers will be approximately:</p> <ul style="list-style-type: none"> \$480,450 if only the minimum subscription is raised under the Share Offer; and \$500,000 if the full oversubscription amount of the Share Offer and full subscription under the Option Offer is raised. 	Section 12.4

1. INVESTMENT OVERVIEW | CONTINUED

Topic	Summary	Further Information
Will any Offer Securities be subject to escrow restrictions?	Shares Shares issued under the Share Offer will not be subject to any escrow restrictions.	Section 4.9
	Options Options issued under the Option Offer will be subject to ASX imposed escrow restrictions for between 12 and 24 months from Spectur’s admission to ASX.	
	Pre-Admission Securities Spectur anticipates that approximately 4,305,957 Shares (24.61%), 12,400,000 Options (89.63%) and 21,000,000 Performance Rights (100%) issued prior or pursuant to this Prospectus will be subject to escrow restrictions as a condition of Spectur being admitted to the Official List of ASX.	
	Voluntary escrow Approximately 2,500,000 of the Shares (14.29%) issued prior to this Prospectus which are not otherwise subject to ASX imposed escrow will be subject to voluntary escrow for 12 months from Spectur being admitted to the Official List of ASX.	
Are there any taxation consequences?	The acquisition and disposal of Shares may have tax consequences for Applicants depending on their individual taxation circumstances and affairs.	Section 12.5
	Each Applicant should consult their own taxation advisers for advice about any taxation consequences associated with subscribing for and disposing of Offer Securities.	
	Neither Spectur nor any of the Directors have given any advice regarding the taxation consequences of subscribing for Offer Securities.	
Applying for Offer Securities		
Who can apply for Offer Securities under each Offer?	Members of the public may apply for Offer Securities under either or both Offers.	Sections 4.1(a), 4.2(a) and 4.13
What is required to apply for Offer Securities?	This Prospectus is accompanied by separate Application Forms for each Offer.	Section 4.11
	An Applicant must complete the Application Form accompanying this Prospectus for the relevant Offer, in accordance with the instructions on that Application Form.	Application Forms
	A cheque or money order for the relevant Application Money must accompany the completed Application Form when submitted to Spectur.	
Can an Offer be withdrawn?	Spectur reserves the right to withdraw an Offer at any time before the issue of Offer Securities to Applicants under that Offer. If an Offer is withdrawn, Application Money will be refunded to relevant Applicants in full without interest.	Sections 4.1(a) and 4.2(a)

1. INVESTMENT OVERVIEW | CONTINUED

Topic	Summary	Further Information
Further Information		
How can further information be obtained?	A person considering applying under an Offer should read this Prospectus in full and should consult their own qualified investment advisors if they have any questions. Certain information referred to in this Prospectus, including copies of Spectur's corporate governance charters and policies, is available on Spectur's website at https://www.spectur.com.au/ .	
How can Spectur be contacted?	Spectur's contact details for enquires regarding the Offers or this Prospectus are as follows: By telephone: 1300 665 362 By email: info@spectur.com.au By post: PO Box 5168, South Lake, Western Australia 6164 Attention: The Company Secretary	
How can the Lead Manager be contacted?	The Lead Manager's contact details are as follows: By telephone: (08) 9223 9888 By email: adam@altocapital.com.au ; david@altocapital.com.au By post: PO Box 248, West Perth, Western Australia 6872 By website: www.altocapital.com.au Attention: Adam Belton or David Parker	



Photo: Spectur HD4 white label camera systems.

2. COMPANY AND BUSINESS OVERVIEW

2.1 Executive summary

Spectur is an Australian public company that has developed a ground-breaking surveillance solution for securing and managing commercial and industrial sites that may or may not have access to electrical power and telecommunications networking activity, through the use of its unique solar powered security surveillance products (e.g. Spectur's HD4 security camera system) in conjunction with its powerful back end cloud-based platform (e.g. Spectur's IOT Management Platform).

Spectur's core product and latest remote security surveillance system is the Spectur HD4 security camera system. This is solar powered and has substantial backup battery capacity in the event of prolonged insufficient sunlight, and is available in two versions – either as a 2 megapixel system or a 3.4 megapixel system.

The Spectur HD4 security camera system is designed to be continuously linked to the internet so that Spectur can access, control and manage the system through its back-end cloud-based IOT Management Platform, and clients can continuously access the system through the front-end Client Surveillance Interface.

Spectur's IOT Management Platform has been built in-house and provides Spectur with the ability to control and manage a variety of IOT devices. All Spectur HD4 security camera systems in operation are currently controlled and managed by this platform.

Spectur's Client Surveillance Interface is a dedicated user-friendly interface, which allows users to view videos and images both in real time, and at historical points in time. Users are also able to control some functions of the system through the interface, such as turning on lights, or sounding an alarm.

Spectur's key service offering is the use of the IOT Management Platform and the Client Surveillance Interface on a licence basis. This licence is currently provided on a month to month basis, as a 'Video Surveillance-as-a-Service' licensing model. Spectur's other service offerings include arranging for the monitoring of clients' security footage by professional third-party security firms, and providing clients with data plans for use with Spectur's security surveillance products.

Spectur's systems also provide clients with the ability to increase their number of operational security cameras simply and cost-effectively, with each additional camera being capable of linking to a client's existing Client Surveillance Interface.

What sets Spectur's security surveillance products and services apart from many competitors' products is their autonomous use capability. Spectur's products are powered using a solar panel operating in conjunction with a battery, and the 3G/4G mobile telephone networks or other network technologies if suitable or available. Spectur's systems can be used virtually anywhere in the world where mobile phone network coverage exists and there is sufficient sunlight to support the solar panels and

recharge the battery. Further, the cloud-based technology of the IOT Management Platform and the Client Surveillance Interface allows clients to access, and view the surveillance footage of, their cameras from any internet enabled device (such as a computer, tablet device or smartphone).

Spectur's security surveillance systems have the advantage of being cost-effective when compared to other traditional forms of security such as security guards, monitored patrols or guard dogs at powered and non-powered sites, which have been the primary security surveillance systems options available to date. Spectur's systems have the potential to disrupt such traditional security and surveillance products and services, both throughout Australia and across the globe.

Currently, Spectur's key target markets are remote and non-powered sites which include a variety of industries such as building, civil engineering, mining and energy, critical infrastructure, government assets and agriculture. Spectur's system offers a high level of surveillance capability, is comparably cost-effective and incorporates versatile features that other traditional security and surveillance methods do not currently provide.

Spectur's security surveillance systems have been in operation at its clients' sites for over 4 years and have amassed over 5,000,000 camera hours in Western Australia alone. Spectur generates revenue from the sale and rental of its security surveillance products, and the licensing of its IOT Management Platform and Client Surveillance Interface.

Spectur will continue to develop and improve its existing systems, and has a clear aspirational focus to grow and become a global market leader in commercial and industrial grade solar-powered security camera systems.

2.2 Company background

Spectur was incorporated on 22 October 2009 (under its former name, Uwatchit Pty Ltd) by founder, Richard Wilkins. It specialises in manufacturing and supplying its unique security surveillance products, services and associated systems.

Spectur was founded to develop products and services to service the security and surveillance markets in Australia, with a particular focus on cloud-based 'Internet of Things' systems. Richard Wilkins identified a market in the security and surveillance sector for security cameras which could operate in locations without physical power and physical telecommunications connections (i.e. solar powered 3G/4G connected security cameras).

Spectur's Managing Director, Mr Peter Holton, joined Spectur as its Business Development Manager and an early stage shareholder shortly after incorporation.

Spectur has raised share equity capital since incorporation of approximately \$1,989,800 from founding and seed investors (refer to the Investigating Accountant's Report at Section 9).

2. COMPANY AND BUSINESS OVERVIEW | CONTINUED

In 2017, Spectur converted to a public company and changed to its current name in preparation for its initial public offering with a view to listing on ASX.

2.3 Overview of products, services and technology

a. Cloud-based IOT concept

Spectur's design and development personnel have sought to develop Spectur's products and services as cloud-based 'Internet of Things' or 'IOT' devices and systems.

IOT is a term which describes (in summary) the networking of physical devices which are embedded with computers, sensors or other electronics capable of transmitting and/or receiving data. This allows for the integration and control of physical objects remotely through computer-based systems.

Spectur's security surveillance products are accessed, controlled and managed by Spectur through the cloud-based IOT Management Platform, while clients access the system through a web based Client Surveillance Interface.

b. Introduction to the technology

Spectur has focused on developing unique security surveillance products and systems since its incorporation. It has designed and built from the ground up the unique technology that runs its cameras and systems, including proprietary software coding of the camera internal systems, the IOT Management Platform and the Client Surveillance Interface.

This means that Spectur is well placed to continually develop additional functionality for existing products and systems, and to develop completely new products and systems.

Spectur currently designs, develops, manufactures and installs security surveillance systems for its clients from its Perth office and production facility, using readily available imported and locally made components.

Spectur has been developing its products and systems since 2009. It has a stable, well established technology that is distinctive; certain aspects of which have been patented (refer to the Intellectual Property Report at Section 8).

Spectur has developed its own powerful back-end features, implemented on cloud-based structures which enable Spectur and its clients to remotely manage the security surveillance product parameters and monitor their reliability via the IOT Management Platform and Client Surveillance Interface.

c. Spectur HD4 Security Camera System

Spectur's core product and latest remote security system model is the Spectur HD4 security camera system. This is available in two versions, either a 2 megapixel or a 3.4 megapixel solar powered low-light image sensor module,

and has a substantial backup battery capacity in the event of prolonged inclement weather.

The Spectur HD4 security camera system is designed to be continuously linked to the internet so that it can be accessed, controlled and managed by the cloud-based IOT Management Platform.

The Spectur HD4 security camera system automatically manages internet protocol (IP) connectivity to Spectur's secure cloud-based server over a variety of networks, such as the 3G/4G mobile telephone networks and Wi-Fi.

The Spectur HD4 security camera system utilises distinctive technology that includes:

- a quad core computer, which runs the camera system and contains the majority of the code of the camera system and all the system smarts;
- a proprietary watchdog board, which manages the computer functions, checks the function of the main quad core computer and sends analytics to Spectur's cloud-based server; and
- a camera sensor module and a lens.

The core functionality of the Spectur HD4 security camera system includes core surveillance and alarm recording, which incorporates:

- real-time camera recording and response;
- alarm recording and activation;
- core inputs on board computer algorithms detecting movement and an external sensor hardware; and
- core outputs, being an automated speaker with a pre-recorded spoken warning and an automated 50 Watt LED floodlight.

In addition to offering core surveillance and alarm services, the camera system includes the following additional functions that are extremely useful on remote non-powered sites:

- **time lapse function:** this function is often used on building sites to record the construction process;
- **OH&S function:** the ability to record activity through the day which is accessible remotely in the event of an accident;
- **management function:** online real-time viewing which reduces the need for travelling to remote sites; and
- **additional inputs and outputs:** the watchdog board can enable multiple inputs from additional outputs such as additional hardware, i.e. multiple sensors, accelerometer and potentially a laser perimeter fence or additional industrial applications, such as water sensor gauges, pumps or fire alarms.

2. COMPANY AND BUSINESS OVERVIEW | CONTINUED

d. IOT Management Platform

Spectur has built and developed its own proprietary software, the IOT Management Platform, to access, control and operate its security surveillance camera systems (i.e. the Spectur HD4 security camera system).

The back-end IOT Management Platform is a hardware-specific software platform. It is not open source and can only be accessed, controlled and managed by Spectur. Clients who own or rent a Spectur HD4 security camera system can access the system via the user interface, i.e. the Client Surveillance Interface, which links into the cloud-based IOT Management Platform.

The settings of the Spectur HD4 security camera system are stored on Spectur's cloud-based server which is managed by the IOT Management Platform. The IOT Management Platform is used to operate the high-level functionality of each Spectur HD4 security camera system, whereas the Client Surveillance Interface operates low level functions of the Spectur HD4 security camera system.

The IOT Management Platform is a software platform which, in part, is controlled through a user interface, enabling Spectur's clients to access, control, monitor, analyse and operate key parameters of Spectur's security surveillance products via the internet.

The IOT Management Platform is designed to be continuously linked to the internet and can be described as a platform for Spectur's 'Internet of Things' or 'IOT' devices (e.g. the HD4 security camera system).

The platform is available to Spectur's clients by way of a 'Video Surveillance-as-a-Service' (VSaaS) model. It is provided to clients in conjunction with Spectur's security surveillance products.

The VSaaS model ensures that the platform software and surveillance data remains centrally hosted by Spectur but can be accessed by clients using an internet browser or any web-enabled mobile device (e.g. an Apple iPhone or iPad®, Android mobile phone or tablet device using Microsoft operating systems etc) without the need to download and install software.

e. Client Surveillance Interface

Spectur's clients can access the front-end client user interface, which is termed the **"Client Surveillance Interface"**, via a secure password protected web-based login that enables clients to view live camera recordings and access live images.

The Client Surveillance Interface is able to control low level functions of the Spectur HD4 security camera systems. This allows Spectur's clients to access, control, monitor, analyse and operate various low-level parameters of their

Spectur HD4 security camera systems as well as the data and images that are generated by the camera system.

Key low-level functionality includes the ability to:

- view live camera images (the 'video recordings' are technically a set of still images);
- turn on or off, or schedule, alarms, sounds and image recording;
- view alarm recordings; and
- retrieve historical HD image recordings.

Spectur's systems also provide clients with the ability to increase their number of operational security cameras simply and cost-effectively, with each additional camera being capable of linking to the client's existing Client Surveillance Interface.

Spectur is constantly working to increase the functionality and ease of use of the Client Surveillance Interface. The front-end user interface and back-end platform are available to Spectur's clients by way of a VSaaS model, and are provided to clients in conjunction with Spectur's HD4 security camera systems on a license basis.

The VSaaS model ensures that the platform software and surveillance data remains centrally hosted by Spectur but can be accessed by clients using an internet browser or any web-enabled mobile device (e.g. an Apple iPhone or iPad®, Android mobile phone or tablet device using Microsoft operating systems etc) without the need to download and install specific software.

The VSaaS model is a relatively new means of delivering video surveillance services. It is based on the software-as-a-service (or SaaS) delivery model where software and related data are centrally hosted in a cloud computing environment and accessed over the internet, rather than being purchased and installed on each computer for use.

f. Patents, protection and ongoing development of technology

Spectur holds one innovation patent and has filed two further patent applications which relate to its proprietary and novel technologies that are employed in its security surveillance products and systems, including the operational camera systems, surveillance techniques, processes to optimise data usage between the camera systems and the IOT Management Platform and Client Surveillance Interface, as well as future camera system developments.

Spectur's existing and pending patents are intended to protect unique aspects of Spectur's technology and provide Spectur with monopoly rights to commercialise it.

Details of Spectur's patents and applications are set out in the Intellectual Property Report at Section 8.

2. COMPANY AND BUSINESS OVERVIEW | CONTINUED

g. Ongoing development of updated camera models and systems

Spectur aims to continually develop new security surveillance products and systems, as well as new functionality for its existing products and systems, to reduce its reliance on patent protection. It intends to adopt and maintain a 'first-to-market' approach for new product and system functionality.

Spectur has a comprehensive internal product development pipeline which is partially supported by an innovation patent and two patent applications (refer to the Intellectual Property Report at Section 8).

As part of this strategy, Spectur is investing in its own in-house research and development laboratory headed up by Spectur's Technology and Development Manager. It is also investigating initiatives which may enable Spectur's existing IOT Management Platform to be used in product and service offerings for additional industries that are not aligned with security.

Spectur plans to release new security related products and services with the intention of driving organic sales and increasing its market share. Spectur is focused on new product developments which is in line with its aspiration to be a global market leader in the solar-powered security camera market.

Spectur has several new functions and model releases in the development phase, including:

- camera range extenders – this may be of value to clients who operate multiple cameras;
- lower specification systems; and
- higher specification systems.

Spectur believes that, if these new functions and models are successfully developed and commercialised in new product offerings, they have the potential to add value to clients and assist the growth of the Spectur business.

Spectur may also investigate additional live surveillance analytics such as face recognition or license plate recognition software, which would be implemented through either additional in-house software development or software licensed from a third party provider.

h. CE-mark certification and international approvals

Spectur proposes to undertake the CE-mark process required to sell the Spectur HD4 security camera system in the European Union. This will include application under the following European Union directives:

- 2014/30/EU on Electromagnetic Compatibility (EMC);
- 2014/53/EU on Radio Equipment (RED);
- 2011/65/EU Restriction of Hazardous Substances (RoSH);

- 2012/19/EU Waste Electrical and Electronic Equipment (WEEE); and
- 2014/34/EU on Equipment for potentially explosive atmospheres (ATEX).

If deemed to be compliant, Spectur will be authorised to affix the 'CE' mark to its Spectur HD4 security camera system. The CE-mark denotes that the product to which it is affixed has been manufactured to comply with the essential requirements of relevant health, safety and environmental protection legislation in the European Union.

The CE-mark will enable sale of the Spectur HD4 security camera systems within the European Economic Area of the European Union and is widely accepted around the world. Spectur is also investigating other international certifications and compliance requirements for its products to be exported and sold in other foreign markets, such as the USA. This will potentially result in a corresponding expansion of the market for the IOT Management Platform which operates in tandem with Spectur's cameras.

2.4 Business model

a. Strategy

Spectur is focused on growing its revenues by firstly increasing its market share in Australia for solar-powered security surveillance products, as Spectur's primary market, and secondly by potentially exporting its products and systems to key strategic markets.

Spectur has traditionally serviced the Australian market from its Perth office in conjunction with a limited number of interstate resellers. This model has enabled Spectur to grow revenues to current levels, but it has limited Spectur's ability to provide an Australia wide value-added service which includes on-site assessment and installation by Spectur representatives.

Spectur plans to increase its ability to service the Australian market by opening offices on the east coast. It has secured an office in Melbourne and is planning to open an office in Sydney during 2017/2018.

Spectur has appointed one reseller on a formal Reseller Agreement as at the Prospectus Date (refer to Section 10.8), however may appoint further resellers on a case-by-case basis subject to the satisfaction of sales performance milestones. This may include supplying 'white label' or own-branded products and versions of the Client Surveillance Interface for accessing the IOT Management Platform.

Spectur intends to investigate and plan an international expansion strategy over 2017/2018 which may

2. COMPANY AND BUSINESS OVERVIEW | CONTINUED

incorporate direct e-commerce sales, in-country direct sales and potential distributor/reseller agreements.

Spectur has budgeted for the planning and analysis of international expansion opportunities as part of its use of the funds raised under the Offers, but cautions investors that an international expansion is only in the conceptual planning phase. It may be delayed or may not occur at all. Any international expansion is dependent on successful international certification status being achieved as described in Section 2.3(h).

Spectur also plans on continual product and services development to assist with revenue growth.

b. Structure and revenue from product and service offering

Product/service	Description	Revenue form
Sale of security surveillance products	Spectur supplies clients with its security surveillance products.	Up-front revenue from direct sales of security surveillance products to clients.
	Spectur has secured a Melbourne office to service Victoria and is planning to open an office in Sydney during 2017/2018 to service New South Wales.	
	Spectur also supplies security surveillance products to remote clients for self-installation.	
Rental of security surveillance products	Spectur provides clients with the option to rent its security surveillance products on a short-term basis. This includes installation services on the same basis as direct sales (see above).	Up-front rental fees from direct rental of security surveillance products to clients.
VSaaS licence of Client Surveillance Interface	Spectur provides its clients and resellers with access to its Client Surveillance Interface which is connected to the IOT Management Platform on a licence basis. This is provided separately to the sale or rental of its products.	Ongoing recurring revenue from monthly licence fees to access and use the Client Surveillance Interface and receive software and security camera support through the IOT Management Platform.
		This fee is generally invoiced on a quarterly basis.
Data plans	Spectur arranges for the rental of data plans (in Spectur's name) for mobile telephone network connectivity of clients' security surveillance products through third-party telecommunication providers.	Ongoing recurring revenue from monthly rental fees to provide the data plans.
		This fee is generally invoiced on a quarterly basis.
Third-party monitoring services	Spectur arranges for the monitoring of clients' security footage by professional third-party security firms to provide a complete surveillance service.	Ongoing recurring revenue from monthly fees to arrange the third-party monitoring services.
		This fee is generally invoiced on a quarterly basis.
Resale arrangements - 'white label'	Spectur supplies its security surveillance products and systems to resellers both in its own branding and on a 'white label' basis which can be rebranded by the resellers.	Up-front revenue from sales of security surveillance products to resellers.
	The resellers can market and supply the white label products and the associated systems under their own branding.	Ongoing recurring revenue from monthly license fees to access the IOT Management Platform.
		Spectur supplies its security surveillance products to the reseller at a discount to its standard list prices.

Note: While current revenues are predominantly from upfront components, Spectur expects recurring revenues to increase as a percentage of its overall revenue as in-field security surveillance product numbers increase.

2. COMPANY AND BUSINESS OVERVIEW | CONTINUED

c. Earnings strategy

Spectur believes it can maintain a market competitive cost base for its security surveillance products and systems. This is due to the fact that Spectur owns the underlying technology (including product designs and software) and currently manufactures its own camera systems in Perth from local and imported parts. Spectur aims to maintain its cost competitiveness by continually reviewing manufacture costs to obtain the best possible price inputs.

While Spectur currently generates revenues from ordinary operations, it does not expect to generate profits in the short term as a result of the substantial one-off costs associated with undertaking its initial public offering and listing on ASX, research and development costs required to grow and protect its product and service technologies, and capital requirements associated with its east coast Australian expansion initiative. Accordingly, it is, at the Prospectus Date, cash flow negative and anticipates making a net loss for the financial year ending 30 June 2017.

It is Spectur's aim to materially increase revenues from existing products and services which could lead to positive cash flow from Australian operations and potentially create earnings in the medium term.

If Spectur decides to pursue an international expansion, it may incur losses in that process. Investors should read the risks in Section 7 which includes risks that sales will not increase which may mean Spectur may not generate earnings.



Photo: Spectur's HD4 security camera system.

d. Australian target industries and client solutions

Spectur primarily targets the Australian construction industry, civil engineering industry, mining and energy industry, infrastructure industry, governments (specifically local councils) and agriculture industry.

While each industry has specific requirements, the Spectur HD4 security camera system provides excellent solutions to a wide range of industries. Spectur is committed to ongoing research and development and this work is intended to provide additional features to ensure the future camera models meet and exceed industry requirements based on client feedback.

Construction	<ul style="list-style-type: none">• Theft from building sites in Australia, both residential and commercial, has been widely reported by official sources and the media.• Equipment was frequently reported to be stolen from building and construction sites or depots and yards mainly situated in urban areas.• Theft incidents were most likely to take place over a weekend when most building sites were unattended.• It is estimated that new home building reached a new all-time record level in 2015 of 220,000 dwelling commencements, representing an increase of approximately 10.8% on the previous year's activities.²• Each building site is a potential location for Spectur security surveillance products and systems.• Spectur has numerous security cameras in operation on building sites in Australia, notwithstanding that most have access to mains power.• A solar-powered camera option can be more cost-effective than a mains powered camera system or a physical guard option on a building site given the short time frame (often 6 to 24 months) of deployment.• The reduction in minor and major site theft and damage is a critical element to ensuring building projects are completed on schedule and securely maintained once the build has been completed (i.e. while the builder is waiting for handover to the client and pending titles).
Civil engineering	<ul style="list-style-type: none">• The civil engineering industry is relevant to Spectur's target market as there are numerous yards nationally that are used to store plant and equipment owned by civil engineering firms.• Plant and equipment is often located in open fenced locations with existing security in the form of guard dogs, powered cameras and security guards.• Spectur provides cameras to existing civil yards for monitoring and security of plant and equipment.
Mining and resources	<ul style="list-style-type: none">• The mining and resources industry has extensive assets including mining project sites, plant and equipment and staff quarters which can now all be monitored remotely.• The Spectur HD4 security camera system can also provide occupational health and safety solutions, given ongoing monitoring and cloud storage of site activities can all be recorded on remote parts of site or asset locations.
Government and critical infrastructure	<ul style="list-style-type: none">• Local councils and other governments recognise that the threat of terrorism is enduring and requires sustained mitigation efforts, and there are national guidelines seeking to secure and protect critical infrastructure from terrorism.• Spectur's systems may also have application in relation to monitoring arson, car park crime and general suburban crime.• Critical infrastructure assets are extensive in both high density and remote locations, such as energy and telecommunication supply assets (including transfer stations), oil production facilities, gas, electricity and water infrastructure, airports and railways.
Agriculture	<ul style="list-style-type: none">• The agriculture industry in Australia has extensive assets which are often geographically dispersed and in locations with limited access to mains power. Surveillance systems are often required for both security of premises, plant and equipment, as well as general monitoring of high value crops and stock.

2.5 Key dependencies

Spectur's business model is primarily dependent upon the following:

- **Western Australian security licence:** Richard Wilkins maintaining his existing security licences under which Spectur operates in Western Australia. Spectur plans to arrange for further personnel to apply for and hold Western Australian security licences.
- **Other security licences:** Spectur obtaining and maintaining necessary security licences or permits in all Australian jurisdictions in which Spectur proposes to conduct business operations (specifically in relation to Victoria and New South Wales).
- **Telecommunications network access:** Spectur or its clients continuing to secure mobile telephone data plans with third-party telecommunications and internet providers on a cost-effective basis. As outlined above, Spectur's security surveillance systems transmit data to and from cameras using mobile telephone networks and internet connection.
- **Demand:** Spectur receiving continued demand for its solar-powered security surveillance cameras and associated services.
- **System and data security:** Spectur continuing to maintain the security and integrity of its systems and data from unauthorised access, data corruption and computer viruses.

2.6 Expansion and business development plan

a. Australian expansion plans - organic growth

Spectur already has established itself as a key player in the Australian solar-powered security surveillance product market. It recently secured a location for its Melbourne branch office which will be capable of servicing Victoria in

relation to sales and installation of solar-powered security systems as well as associated products and services.

Spectur also plans to implement the following initiatives with a view to potentially increase sales to the Australian market:

- **east coast expansion:** opening premises Sydney in 2017/2018 which is intended to be capable of servicing New South Wales; it further intends to establish representation in all major Australian capital cities;
- **additional personnel:** increasing Spectur sales and business development personal;
- **industry targeting:** targeting existing and new industries through increased sales capacity;
- **resellers:** selectively appointing additional resellers on a case-by-case basis;
- **marketing:** increasing marketing efforts Australia wide; and
- **new products:** launching new products and services.

b. Expansion plans - acquisitions and joint ventures

Spectur will develop strategies for reviewing potential acquisitions and joint ventures in the Australian marketplace that may be synergistic to its business. Spectur will initially consider acquisitions or joint ventures that can:

- increase Spectur's distribution to end users of security products, thus providing increased sales opportunities for Spectur's solar camera systems;
- provide cost-effective entry into new geographical markets; and
- provide new technologies with are synergistic with Spectur's existing technologies.

As outlined above, Spectur also plans to investigate an international expansion strategy over 2017/2018.

² Source: Australian Bureau of Statistics, Catalogue Number: 8752.0 - Building Activity, Australia, Dec 2016, dated 12 April 2017.

2. COMPANY AND BUSINESS OVERVIEW | CONTINUED

2.7 Licences and regulation

a. Overview

Certain business activities that Spectur undertakes and proposes to undertake are, or will be, regulated and subject to licensing regimes under Australian State and Territory security legislation.

At the Prospectus Date, Spectur is only subject to the security regime in Western Australia. Spectur will become subject to the regimes in other States and Territories as it expands its operations throughout Australia.

b. Western Australia

Certain business activities that Spectur undertakes in Western Australia are subject to the Security and Related Activities (Control) Act 1996 (WA) and the Security and Related Activities (Control) Regulations 1997 (WA) (collectively, **WA Security Legislation**).

The table below summarises Spectur’s regulated activities in Western Australia and the security licences required.

Activity	Licence	Type
Installation, maintenance and repair of security cameras and related equipment	Security installer’s licence	Must be held personally by the individual who performs these activities. Individual must act under the authority of the holder of a security agent’s licence.
Providing advice to clients in relation to surveillance or protection of property which is incidental to the supply of Spectur’s security surveillance products and systems.	Security consultant’s licence	Must be held personally by the individual who performs these activities. Individual must act under the authority of the holder of a security agent’s licence.
Soliciting sales of Spectur’s security surveillance products and systems.	Security consultant’s licence	Must be held personally by the individual who performs these activities. Individual must act under the authority of the holder of a security agent’s licence.
Providing the services of the persons who perform the above activities.	Security agent’s licence	May be held on behalf of a body corporate (e.g. a company) by an individual who is an “officer” under the WA Security Legislation (e.g. a director).

Spectur’s Executive Chairman, Richard Wilkins, holds a security agent’s licence, a security installer’s licence and a security consultant’s licence under the WA Security Legislation. Richard supervises the performance of all regulated securities activities performed by Spectur’s personnel in Western Australia pursuant to these licenses. Spectur plans to arrange for additional personnel to also apply for and hold the relevant licenses upon its listing on ASX.

c. Victoria

As outlined above, Spectur has recently secured a Melbourne office with a view to servicing its clients in Victoria. Certain of Spectur’s activities in Victoria will be regulated under the Private Security Act 2004 (Vic) and the *Private Security Regulations 2005* (Vic).

Richard Wilkins has applied for and now holds a private security business registration for Spectur in Victoria. Spectur will apply for and obtain any other licences and registrations it or its relevant employees require in order to conduct operations in Victoria, before commencing operations in Victoria.

2. COMPANY AND BUSINESS OVERVIEW | CONTINUED

2.8 Financial information

a. Summary of historical financial information

The table below sets out a summary of Spectur’s key historical financial information in relation to the financial years ended 30 June 2015 and 30 June 2016, as well as the half financial year ended 31 December 2016.

Company Historical Financial Information	Audited for the half year ended 31 December 2016 \$	Audited for the year ended 30 June 2016 \$	Audited for the year ended 30 June 2015 \$
Profit and loss statement (extract)			
Revenue	778,133	935,320	618,451
Cost of sales	(288,209)	(401,035)	(341,589)
Gross profit	489,924	534,285	276,862
Total expenses	(524,516)	(755,027)	(527,860)
Loss before income tax	(34,592)	(220,742)	(250,998)
Income tax benefit	-	153,771	201,756
Total comprehensive loss for the year	(34,592)	(66,971)	(49,242)
Balance Sheet (extract)			
Current assets	433,651	223,407	295,546
Non-current assets	56,830	46,129	24,646
Total assets	490,481	269,536	320,192
Current liabilities	(474,822)	(219,285)	(202,970)
Non-current liabilities	-	-	-
Total liabilities	(474,822)	(219,285)	(202,970)
Net assets	15,659	50,251	117,222
Equity			
Issued capital	1,128,000	1,128,000	1,128,000
Reserves	-	-	-
Accumulated losses	(1,112,341)	(1,077,749)	(1,010,778)
Total equity	15,659	50,251	117,222

The information in the table above is in abbreviated form. It does not contain all information and disclosures that would ordinarily be included in annual or half year financial statements under the Corporations Act and applicable accounting standards.

Accordingly, the information in the table above should be read in conjunction with the Investigating Accountant’s Report at Section 9 and the full annual and half year financial statements on Spectur’s website, <https://www.spectur.com.au/>. These financial statements have been audited by Spectur’s auditor, HLB Mann Judd.

Investors should be cognisant that Spectur’s past performance is not a guide to future performance.

The Investigating Accountant has not reviewed the above table in preparing the Investigating Accountant’s Report.

2. COMPANY AND BUSINESS OVERVIEW | CONTINUED

b. Revenue forecast

As outlined above, Spectur is currently generating revenue from sales, rental and licence arrangements in relation to its products and services.

Spectur is forecasting revenue for the financial year ending 30 June 2017 of approximately \$1,325,000. This forecast is calculated having regard to Spectur's management accounts for the 5 months to 31 May 2017 which are not audited or reviewed, the existing product orders, the existing Client Surveillance Interface and IOT Management Platform licences and additional sales through the ordinary course of business. Noting the relatively short forecast period of one month, Spectur anticipates that the revenue target will be met. However, this cannot be guaranteed.

Although Spectur has historically experienced revenue growth in the financial years ended 30 June 2015 and 30 June 2016, it is projecting that it will make a net statutory loss for the financial year ending 30 June 2017 as a result of the substantial one-off costs associated with undertaking its initial public offering and ASX listing, as well as costs related to growth of its business, such as research and development costs and costs of Spectur's east coast expansion initiative (see Section 12.4).

Please refer to the Investigating Accountant's Report at Section 9 for further details of Spectur's revenue, income and losses for the half year ended 31 December 2016 and the financial years ended 30 June 2015 and 30 June 2016.

The Investigating Accountant has not reviewed Spectur's forecast revenue for the financial year ended 30 June 2017 stated above.

2.9 Corporate structure

Spectur does not have any subsidiaries at the Prospectus Date. Spectur may review this position having regard to the growth of its business and its operational requirements.

2.10 Finance arrangements

Spectur does not have any material loan or finance arrangements at the Prospectus Date. It intends to fund the operations and growth of its business from proceeds of the Offers as described outlined in Section 4.4.

Spectur may utilise non-material lease finance for small asset acquisitions.

2.11 Capital management

Spectur intends to invest any surplus funds following the Offers:

- first, towards reinvestment in its business;
- second, to invest in the short-term money market with leading Australian banking institutions; and
- third, to those investments which the Board considers can provide reasonable returns in the short to medium term.

2.12 Dividend policy

Spectur does not have a dividend policy as it is not currently earning any profits and does not foresee payment of dividends in the immediate future. However, the Board will review this from time to time having regard to Spectur's financial position and business objectives.



Photo: Assembly of the Spectur HD4 security camera system at Spectur's facility in Perth, WA.

3. INDUSTRY OVERVIEW

3.1 Market and industry information – basis of preparation

All industry information contained in this Section 3, excluding Section 3.2(c), has been prepared having regard to the information set out in the Market Report (an industry report prepared for Spectur by Transparency Market Research), except where a statement is noted as being a Directors' statement.

Please refer to Section 12.10 for details of the basis and methodology on which the Market Report was prepared.

3.2 Overview of the security market

a. The global security market

Growing global security concerns (including terrorism), rising government spending on security matters, growing adoption in business organisations, and complexity of security vulnerabilities are the major factors that are expected to fuel growth and technical development in the global physical security market in the coming years. Further, growing investments in infrastructure, introduction of the 'smart city' concept, and technological developments are further expected to drive the global physical security market.

Conversely, privacy concerns against the installation of surveillance cameras and device interoperability issues are the key factors hampering the growth of the market.

Physical security refers to the type of security and the measures taken to safeguard personnel, property, systems or information from damage or unauthorised access, particularly with respect to businesses, residential and industrial applications, and sectors such as retail, utilities, and energy.

The global physical security industry was estimated to be valued at approximately US\$71.17 billion in 2016, with demand for physical security solutions being higher in emerging markets such as Asia Pacific countries, as compared to more developed markets.

b. The global Video Surveillance-as-a-Service (VSaaS) market

A segment of the global market for physical security comprises video surveillance as well as 'Video Surveillance-as-a-Service' or VSaaS. The global video surveillance and VSaaS market (by services) was estimated to be valued at approximately US\$1.28 billion in 2016, and is forecast to be valued at \$US12.51 billion by 2025. The global video surveillance and VSaaS market (by hardware) was estimated to be valued at approximately US\$21.50 billion in 2016, and is forecast to be valued at US\$78.89 billion by 2025.

c. The Australian security market³

Market demand for security systems from commercial and retail sectors in Australia remains strong, notwithstanding reported decline in crime rates in Australia. Corporate and industrial businesses protect property and assets (existing and development assets) from crime as part of their standard business practices.

Notwithstanding the forecast that crime rates in Australia are expected to continue to decline, the ongoing investment and expenditure in security surveillance and monitoring systems is expected to increase in the coming years.

Technology security services (including camera surveillance) now play a key role in crime prevention, including video surveillance and online security and protection from fraud or identity theft.

Furthermore, the demand for security and surveillance specific solutions is forecast to increase in coming years due to an increasingly security conscious society, government licensing regulations, increased security system complexity, increasing business numbers, fairly solid growth in non-residential building activity, increasing internet usage, cybercrime and heightened terrorism concerns. These and other factors are expected to contribute to more private and public places being subject to electronic surveillance, as households, businesses and governments seek greater safety and protection.

d. The Australasian Video Surveillance-as-a-Service (VSaaS) market

The Australasian (including Australia, New Zealand, Papua New Guinea and surrounding island nations) video surveillance and VSaaS market was estimated to be valued at US\$0.73 billion in 2016, with an estimated growth to US\$3.31 billion by 2025.

3.3 Video surveillance systems (VSS)

A video surveillance system (or VSS) offers the ability to remotely monitor a location without need for an observer directly on site. Surveillance footage can be viewed in real time and recorded for later use.

A video surveillance system typically comprises the following components:

- **hardware**, such as cameras, recorders and storage, encoders, and monitors; and
- **software**, being the video management software (VMS) and video analytics software.

3. INDUSTRY OVERVIEW | CONTINUED

The system requirement for a video surveillance system also include storage, encoders and management software.

Video surveillance systems are generally either one of the following categories:

- **analogue**, which captures and transmits an analogue signal in electrical pulses over coaxial cable to digital video recorder (DVR) where it may be digitised and stored on a hard drive; or
- **IP-based**, which captures images and converts them into digital signals (i.e. binary code form) which can be transmitted as a digital stream via the internet or other IP network to a network video recorder (NVR).

Spectur operates IP-based video surveillance systems.⁴

IP-based video surveillance systems currently dominate the video surveillance and video surveillance-as-a-service markets. In terms of revenue, IP-based video surveillance and VSaaS was valued at approximately US\$14.29 billion in 2016. It is anticipated that IP-based video surveillance will become a popular choice among businesses due to its better resolution and greater compatibility with wireless internet.

3.4 Demand for video surveillance systems

The security of persons, property and information has become a critical global issue in recent years. Demand for physical security solutions is growing due to increased incidences of terrorism and crime.

Presently, the demand for effective security solutions that can deter criminal activities is also relatively high. Video surveillance can help prevent many undesirable activities by enabling monitoring constant view of persons, locations or assets. It has therefore become a necessity of modern society and business.

Video surveillance is extremely helpful to governments and law enforcement agencies in maintaining social control and order, monitor and recognise threats, and investigate/prevent criminal activities.

Video surveillance systems are useful in security measures such as verifying alarms (intrusion, fires, armed hold-ups etc), detecting criminal offences, documenting security relevant events, open-air ground monitoring, deterring offenders (tampering, arson, vandalism etc), localising offenders and tracing their movements, as well as enabling prompt intervention in case of accidents.

The key drivers of the video surveillance market include:

- increasing security concerns on a global level and government regulations, including the increasing demand for physical security;
- continued investments in infrastructure and protecting the same;

- advancements in high definition (HD) and megapixel cameras and demand for IP cameras which generate high-quality images, thereby creating the need for high-capacity storage devices – this gives rises to cloud-based storage, reducing the demand for network-attached storage, as the architecture for consumers becomes costlier with IP video surveillance;
- demand for products which comply with IP-based systems as a result of the market shift from analogue systems; and
- advent of do-it-yourself (DIY) video surveillance.

Conversely, the key restraints of the video surveillance market include privacy concerns and the high cost of IP video surveillance systems.

3.5 Video Surveillance-as-a-Service (VSaaS)

The VSaaS model is a relatively new means of delivering video surveillance services. It is based on the software-as-a-service (or SaaS) delivery model where software and related data are centrally hosted in a cloud computing environment and accessed over the internet (generally on a licence basis), rather than being purchased installed on each computer for use.

Similarly, the VSaaS delivery model hosts the storage, video management, and analytics solutions centrally in a cloud-based environment which can be accessed over the internet, rather than the traditional model of video footage being recorded and processed in a user's onsite digital video recorder.

The advantages of such a system include cost-efficiencies and potentially lower capital outlay, access to value-added services and functionality, a wide array of products for hosted video surveillance, easy conversion of analogue systems to IP, and increased system performance.

The services offered under VSaaS can be:

- **hosted**, where video footage is sent back to recorders at the cloud-based data centre;
- **managed**, where the data analysing and management services are performed by cloud-based service providers and the video footage is stored on the cloud; or
- **hybrid**, where internal systems (i.e. in-house network video recorders, digital video recorders, video management software, server, network-attached storage, and other storage systems) are used in conjunction with external storage (i.e. cloud-based storage) for improving the performance of the system.

Other solutions offered under VSaaS include self-monitoring, real-time alerts, integrated analytics, and off-site storage.

³ All statements in this Section 3.2(c) are Directors' statements.

⁴ Directors' statement.

3. INDUSTRY OVERVIEW | CONTINUED

Key drivers of the video surveillance market include:	Key constraints of the video surveillance market include:
<ul style="list-style-type: none">Technological advancement in high resolution imaging and video analytics.Increasing government interest in ‘smart cities’.⁵Need for centralised data and application management;Increase in adoption of cloud computing technology.Decreasing information technology costs.	<ul style="list-style-type: none">Internet bandwidth requirements.Business protocols for network security.Low adoption rates by small businesses and home offices.

3.6 Key trends of the video surveillance and VSaaS markets

Smart surveillance systems	<p>An emerging trend in the global video surveillance market has been the advent of ‘smart’ surveillance systems.</p> <p>Smart surveillance systems analyse and capture video only when motion is detected in front of the camera.</p> <p>Currently, the impact of such systems is moderate. However, their prevalence may increase in the near future due to rise in demand for both efficient storage of surveillance data and cost-effective video surveillance systems.</p>
Wireless video surveillance systems	<p>Wireless video surveillance systems comprise transmitters and receivers. These can potentially cover large geographical areas and therefore can reduce the cost of wiring and maintenance. Accordingly, these systems have led to an increase in wireless connection and more readily available wireless infrastructure.</p> <p>In this regard, the evolution of 4G LTE (Long Term Evolution) high-speed wireless technology, which has the capability transferring data (including high resolution images) at an increased speed, has significantly impacted the growth of the market.</p>
Innovations in storage technology	<p>Innovations and improvements in data storage technology such as cloud-based storage, embedded Multi-Media Controller (eMMC) and secure digital (SD) card technology are resulting in a technological shift in surveillance activities. This presents an opportunity for system integrators to take IP video surveillance to smaller installations.</p> <p>System integrators are focusing on delivering video surveillance solutions with functionality specific to end-user industries. For instance, integration of video surveillance system with point-of-sale systems or people counting and consumer hotspot analytical systems are gaining importance in the retail segment.</p>

3.7 Competitive analysis by companies – global video surveillance and VSaaS market share

Leading businesses	Emerging businesses
Hikvision Digital Technology Co., Ltd. (China)	Agent Video Intelligence Ltd. (Israel)
Axis Communications AB (Sweden)	Geovision, Inc. (Taiwan)
Zhejiang Dahua Technology Co. Ltd. (China)	Genetec, Inc. (Canada)
	Panasonic System Networks Co. Ltd. (Japan)

Strategic alliance for new product development and quality product offerings are the most common strategies adopted by players in the video surveillance and VSaaS market.

3. INDUSTRY OVERVIEW | CONTINUED

3.8 The solar-powered video surveillance and VSaaS market

a. Overview

The solar-powered video surveillance and VSaaS market is a subset of the overall market and is currently Spectur’s primary business focus. The solar-powered video surveillance and VSaaS market refers to security surveillance cameras and systems that are powered by solar panels and enclosed batteries within the system.⁶

As with the overall Video Surveillance and VSaaS Market, the Solar market includes sales and revenue from hardware, software and services (i.e. VSaaS).

b. Global market

The global solar-powered video surveillance and VSaaS market had an estimated size of US\$0.97 billion in 2016.

Solar-powered cameras are also estimated to have a global compound annual growth rate of approximately 23.0% during the forecast period from 2017 to 2025 such that it will grow to an estimated US\$6.42 billion.

c. Asia Pacific market

The Asia Pacific solar-powered video surveillance and VSaaS market has an estimated size of US\$0.31 billion in 2016. At present, Spectur’s products, systems and services are only supplied in Australia.⁷

Hosted services are becoming increasingly popular in the Asia Pacific market. The segment is estimated to expand at a compound annual growth rate of 27.3% during the forecast period from 2017 to 2025. In terms of revenue, its value is estimated to increase from approximately US\$0.31 billion in 2016 to US\$2.83 billion in 2025.

d. Australian solar-powered security camera competition⁸

Spectur considers that the main competitors in the Australian solar-powered video surveillance and VSaaS market include:

- ATF Services:** provides temporary fencing, height safety and vision services for the building industry, specifically solar and low powered camera systems for rent in Australia;
- Digilant:** provides a range of solar cameras for agriculture, construction and other industries; and
- Videofied Australia:** provides wireless video alarm security and battery-operated systems.

There are numerous competitors in the security sector, however the solar-powered security camera market subset is considered more niche with less competitors. It should be noted that new entrants to the solar market may affect Spectur’s business and financial position (see Section 7.2(e)).

e. The potential value of solar-powered security camera systems⁹

i. Upfront sales

Spectur currently sells its HD4 range of solar-powered camera systems for various prices, which are typically in the range of approximately \$2,750 to \$3,600 (excluding GST), depending on specifications and quantities. Spectur also rents out these camera systems, for varying amounts per day, depending upon the camera system specifications, location of the rental, duration of the rental and other factors.

Some of Spectur’s competitors supply solar-powered camera security systems at prices which are lower than Spectur’s prices, however, these systems are typically lower specification systems.

ii. Recurring revenue

Industry recurring revenues (e.g. system storage, management and hosting fees) can differ depending on the supplier and actual prices can be difficult to ascertain without specific quotes from the respective companies. Recurring revenues include access to software, cloud storage and telecommunications bandwidth and vary between suppliers.

⁶Directors’ statement.
⁷Directors’ statement.
⁸All statements in this Section 3.8(d) are Directors’ statements.
⁹All statements in this Section 3.8(e) are Directors’ statements.

⁵ Smart cities, towns or other urban areas which provide for the management of public assets through secure integration of information and communication technology systems Internet of Things devices.

4. DETAILS OF THE OFFERS

4.1 Share Offer

a. Offer

Subject to Section 4.13, the Share Offer under this Prospectus invites investors to participate in an offer of 21,250,000 Shares at \$0.20 per Share to raise up to \$4,250,000 (before costs).

All Shares issued pursuant to this Prospectus will be issued as fully paid and will rank equally in all respects with the Existing Shares. Further details of the rights attaching to Shares are set out in Section 11.1.

Spectur, in consultation with the Lead Manager, reserves the right to reject any Application or to allocate any Applicant fewer Shares than the number applied for.

Spectur reserves the right to withdraw the Share Offer at any time before Shares are issued under it.

Please refer to Section 4.11 for details on how to apply for Shares under the Share Offer.

b. Minimum subscription

The minimum subscription for the Share Offer is \$4,250,000 through the issue of 21,250,000 Shares.

c. Oversubscription

Spectur may accept oversubscriptions for up to an additional 1,250,000 Shares to raise up to an additional \$250,000.

If full oversubscription is reached under the Share Offer, Spectur will raise a total of \$4,500,000 (before costs) from the issue of 22,500,000 Shares under the Share Offer.

d. Underwriting

The Share Offer is not underwritten.

e. Conditions of Share Offer

The Share Offer is conditional upon all of the following events occurring:

- i. **minimum subscription:** the minimum subscription requirement of \$4,250,000 being satisfied within 3 months after the Prospectus Date (see Section 4.1(b)); and
- ii. **ASX listing approval:** ASX approving Spectur's application for admission to the Official List and Spectur receiving conditional approval for quotation of its Shares on ASX within 3 months after the Prospectus Date (refer to Section 4.16).

If any of the above conditions to the Share Offer are not satisfied, then Spectur will issue a supplementary or replacement prospectus to Applicants allowing them 1 month to withdraw their Applications and obtain a refund of their Application Money. Alternatively, Spectur may determine not proceed with the Share Offer and will

repay all Application Money received (without interest) in accordance with the Corporations Act.

If the Share Offer does not proceed, the Option Offer will also not proceed.

4.2 Option Offer

a. Offer

Subject to Section 4.13, the Option Offer under this Prospectus invites investors to participate in an offer of up to 5,500,000 Options at \$0.01 per Option to raise up to \$55,000 (before costs).

The Option Offer is a separate offer to the Share Offer. Applicants may submit an Application under the Share Offer, the Option Offer, or both.

All Options issued pursuant to this Prospectus will entitle the holder to subscribe for 1 Share at an exercise price of \$0.20 on or before 31 December 2020. The Options will rank equally in all respects with all Existing Options.

Further details of the rights attaching to Options are set out in Section 11.2.

Spectur, in consultation with the Lead Manager, reserves the right to reject any Application or to allocate any Applicant fewer Options than the number applied for.

Spectur reserves the right to withdraw the Option Offer at any time before Options are issued under it.

Please refer to Section 4.11 for details on how to apply for Options under the Option Offer.

b. Minimum subscription

The Option Offer does not have a minimum subscription requirement. The Share Offer will not be affected if the Option Offer does not close fully subscribed.

c. Oversubscription

The Option Offer does not have an allocation for oversubscriptions.

d. Underwriting

The Option Offer is not underwritten.

e. Conditions of Option Offer

The Option Offer is conditional upon all conditions to the Share Offer being satisfied (see Section 4.1(e)).

If this condition is not satisfied, then Spectur will issue a supplementary or replacement prospectus to Applicants allowing them 1 month to withdraw their Applications and obtain a refund of their Application Money. Alternatively, Spectur may determine not proceed with the Option Offer and will repay all Application Money received (without interest) in accordance with the Corporations Act.

4. DETAILS OF THE OFFERS | CONTINUED

4.3 Purpose of the Offers

The purposes of the Offers are to:

- a. raise a minimum of \$4,250,000 (and a maximum of \$4,555,000) before costs to fund:
 - i. the finalisation of the establishment of Spectur's Melbourne office, including an internal research and development department;
 - ii. the establishment a Sydney office over 2017/2018;
 - iii. investment in business development with a primary focus on increasing revenues from existing products and services, initially in Australia with a view to expanding internationally;
 - iv. research and development on existing and new products and systems, including potential intellectual property protection and registration (please refer to the Intellectual Property Report at Section 8); and
 - v. general business development, including:
 - A. funding certification of products to international standards, satisfying import regulations and initiating strategic planning to analyse business development strategies with a view to launching into international markets for its existing products; and
 - B. analysis of strategic acquisitions of operating businesses or complementary technologies;
- b. provide general working capital for Spectur's operations;
- c. pay for the costs of the Offers; and
- d. enable Spectur to list on ASX, and thereby provide a market for Shares and better enable Spectur to access capital markets.

4.4 Use of funds

Spectur intends to use its current funds of approximately \$150,000 cash on hand as at the Prospectus Date, and the funds raised from the Offers as follows:

	Minimum Subscription (\$4,250,000)	Maximum Subscription (\$4,555,000)
Funds available		
Cash on hand	\$150,000	\$150,000
Funds from the Offers	\$4,250,000	\$4,555,000
Total funds available	\$4,400,000	\$4,705,000
Use of funds		
HD4 security camera system production, installation and maintenance costs	\$750,000	\$750,000
Interstate expansion expenses	\$400,000	\$400,000
Business development expenses	\$300,000	\$300,000
Research and development expenses (including Patent costs)	\$400,000	\$400,000
International expansion planning and approvals	\$100,000	\$100,000
Acquisition planning and analysis	\$75,000	\$75,000
Costs of the Offers	\$480,450	\$500,000
General working capital	\$1,894,550	\$2,180,000
Total	\$4,400,000	\$4,705,000

Notes:

- Costs of the Offers include Lead Manager fees and the other costs identified in Section 12.4.
- Working capital costs comprises Spectur's administration and overhead costs, and include operating expenses, accounting costs, auditing costs, insurance costs, legal costs, securities registry costs, Directors' fees, ASX fees and regulatory compliance costs and expenses.
- Spectur has paid approximately \$30,000 of the costs of the Offers at the Prospectus Date.
- The stated use of funds is current as at the Prospectus Date. The use of funds may change depending on any intervening events or changes in Spectur's circumstances. The Board reserves the right to change the way funds are used and applied.
- The table above does not include revenue from products and services supplied by Spectur in the ordinary course of business.

4. DETAILS OF THE OFFERS | CONTINUED

4.5 Working capital

On completion of the Offers and the issue of Offer Securities, Spectur will have enough working capital to carry out its objectives as stated in this Prospectus.

4.6 Capital structure

On completion of the Offers, the capital structure of Spectur is expected to be as set out in the table below, assuming both minimum and maximum subscription scenarios.

Security type	Number (% of total) on Minimum Subscription (\$4,250,000)	Number (% of total) on Maximum Subscription (\$4,555,000)
Shares		
Existing Shares	17,500,000 (44.03%)	17,500,000 (42.68%)
Shares to be issued under Share Offer	21,250,000 (53.46%)	22,500,000 (54.88%)
Shares issued to advisors	1,000,000 (2.51%)	1,000,000 (2.44%)
Total Shares following completion of the Offers	39,750,000 (100%)	41,000,000 (100%)
Options		
Existing Options	8,850,000 (100%)	8,850,000 (59.26%)
Options to be issued under the Option Offer	Nil (0%)	5,500,000 (40.74%)
Total Options on issue following the Option Offer	8,850,000 (100%)	14,350,000 (100%)
Performance Rights		
Existing Performance Rights	20,000,000 (95.23%)	20,000,000 (95.23%)
Performance Rights issued under the Offers	Nil (0%)	Nil (0%)
Lead Manager Performance Rights	1,000,000 (4.77%)	1,000,000 (4.77%)
Total Performance Rights following completion of the Offers	21,000,000 (100%)	21,000,000 (100%)

Notes:

1. The figures in the above table are indicative only and are subject to change.
2. The figures above assume that none of the Existing Options are exercised.
3. The Option Offer does not have a minimum subscription requirement.
4. Spectur has also adopted an Employee Incentive Plan under which additional options and performance rights may be issued. Please see Section 10.6 for further details.
5. The number of Performance Rights may decrease if one or more performance milestones are met. However, this Section assumes that none of the performance milestones are met as at the completion of the Offers. Please refer to Section 11.3 for details regarding the Performance Rights.

4.7 Substantial Shareholders

Spectur anticipates that the parties in the table below may have a substantial holding (i.e. control 5% or more of the issued Shares) following the close of the Offers.

4. DETAILS OF THE OFFERS | CONTINUED

Holder	Holding at Prospectus Date	Percentage interest at Prospectus Date	Holding on close of the Offers	Estimated percentage interest after the Offers (minimum subscription)	Estimated percentage interest after the Offers(maximum subscription)
Gillian Woodford	3,000,000	17.14%	3,000,000	7.55%	7.32%
Richard Wilkins	2,157,500	12.33%	2,207,500	5.55%	5.38%
Peter Holton	1,592,500	9.10%	1,642,500	4.13%	4.01%
Lee Nicola John Rinaldi and Carol Angus Rinaldi	1,500,000	8.57%	1,500,000	3.77%	3.66%
Pabasa Pty Ltd / Paul Kehoe	1,125,000	6.43%	2,125,000	5.35%	5.18%
Peter Anthony	1,000,000	5.71%	2,000,000	5.03%	4.88%
Total	10,375,000	59.29%	12,475,000	31.38%	30.43%

Notes:

1. The parties in the table above are Existing Substantial Shareholders.
2. The table above does not include interests pursuant to Options or Performance Rights, nor the potential holdings if Shares are issued on the exercise of Options or vesting of Performance Rights.
3. The information on the holdings on close of the Offers above assumes that Richard Wilkins and Peter Holton or their nominees will each subscribe for an additional 50,000 Shares under the Share Offer, that Pabasa Pty Ltd and Peter Anthony will each subscribe for additional Shares under the Share Offer, but that no other Existing Shareholder will subscribe for additional Shares under the Share Offer. If another Existing Holder does subscribe and receive Shares under the Share Offer, the percentage shareholding interests after the Offers stated in the table above will change.
4. The interest of Richard Wilkins includes 565,000 Shares held by his defacto partner Judy Van Ross.
5. Assuming a minimum of 21,250,000 Shares are issued under the Share Offer, that all 21,000,000 Performance Rights issued by Spectur vest, that all Existing Options held by Richard Wilkins are exercised and that no other Options are exercised or Shares are issued by Spectur, the maximum percentage shareholding interest of Richard Wilkins (and his defacto partner) is anticipated to be 22.76%.
6. Assuming a minimum of 21,250,000 Shares are issued under the Share Offer, that all 21,000,000 Performance Rights issued by Spectur vest, that all Existing Options held by Peter Holton are exercised and that no other Options are exercised or Shares are issued by Spectur, the maximum percentage shareholding interest of Peter Holton is anticipated to be 21.74%.

4.8 Potential dilutive effect of convertible securities

The table below sets out the potential dilutive effect on Shareholders if Shares are issued on exercise or vesting of all existing and proposed Options and Performance Rights.

Event	Cumulative number of Shares pre-issue	New Shares issued	Cumulative number of Shares post- issue	Dilution (rounded)
Minimum subscription under the Offers				
Exercise of Existing Options	39,750,000	8,850,000	48,600,000	22.26%
Vesting of Existing Performance Rights	48,600,000	20,000,000	68,600,000	41.15%
Vesting of Lead Manager Performance Rights	68,600,000	1,000,000	69,600,000	1.46%
Maximum subscription under the Offers				
Exercise of Existing Options	41,000,000	8,850,000	49,850,000	21.59%
Exercise of Options under Option Offer	49,850,000	5,500,000	55,350,000	11.03%
Vesting of Existing Performance Rights	55,350,000	20,000,000	75,350,000	36.13%
Vesting of Lead Manager Performance Rights	75,350,000	1,000,000	76,350,000	1.33%

Notes: The interests shown in the table above assume that other Shares are not issued prior to exercise.

4. DETAILS OF THE OFFERS | CONTINUED

4.9 Escrow restrictions

a. Share Offer

Spectur does not expect that the Shares issued under the Share Offer will be subject to ASX imposed escrow restrictions and will therefore be freely transferable from the date of their issue.

b. Option Offer

Spectur expects that all Options issued under the Option Offer will be classified by ASX as “restricted securities” and subject to ASX imposed escrow restrictions as a condition of Spectur being admitted to the Official List of ASX.

Therefore, they will be required to be held in escrow for a period determined by ASX and a holder will not be able to sell, mortgage, assign or transfer them for the duration of the escrow period unless ASX otherwise provides its consent.

c. Existing Securities

Existing Securities classified by ASX as “restricted securities” will be required to be held in escrow for a period determined by ASX and a holder will not be able to sell, mortgage, assign or transfer them for the duration of the escrow period unless ASX otherwise provides its consent.

d. Estimated ASX imposed escrow

Spectur expects that, if it is admitted to the Official List of ASX, the following Securities will be subject to ASX imposed escrow restrictions for the period set out in the table below.

Period of restriction	Shares	Options	Performance Rights
Minimum subscription			
24 months from admission to the Official List	3,605,707	6,900,000	21,000,000
12 months from issue of security	700,250	Nil	Nil
Unrestricted	35,444,043	1,950,000	Nil
Totals	39,750,000	8,850,000	21,000,000
Maximum subscription			
24 months from admission to the Official List	3,605,707	7,150,000	21,000,000
12 months from issue of security	700,250	5,250,000	Nil
Unrestricted	36,694,043	1,950,000	Nil
Totals	41,000,000	14,350,000	21,000,000

Note: The table above assumes that all Applicants (except 250,000 Options to be issued to Andrew Hagen, a director of Spectur) who receive Options under the Option Offer are not related parties of Spectur or considered a Promoter for the purposes of the ASX Listing Rules. If a related party or Promoter receives Options under the Option Offer, then their holding will be escrowed for 24 months from admission to the Official List of ASX.

The Securities in the table above include some or all of the Existing Securities issued to Directors, other related parties, promoters, seed capital investors and others prior to the Offers.

Spectur expects to announce to ASX the details of the Existing Securities which are classified by ASX as “restricted securities” and the escrow restrictions applicable to those Securities, prior to Shares commencing trading on ASX.

4. DETAILS OF THE OFFERS | CONTINUED

e. Voluntary escrow

Spectur has entered into voluntary escrow agreements with a number of Existing Shareholders, in relation to Existing Shares which would otherwise not be restricted under the ASX imposed escrow regime. These Existing Shareholders will be subject to 12 months escrow for 50% of their holdings.

The voluntary escrow agreements are intended to prevent the sell-down of a substantial number of unrestricted Existing Shares immediately after admission to ASX with a view to promoting an orderly market for Shares.

The table below summarises the Existing Shares which will be subject to voluntary escrow, in circumstances where the relevant Existing Shareholder has agreed to all of their Existing Shares being escrowed.

Period of restriction	Unrelated holders	Related holders	Totals
12 months from admission to the Official List	2,500,000	Nil	2,500,000
Total	2,500,000	Nil	2,500,000

4.10 Lead Manager

Alto Capital has been appointed by Spectur under the Lead Manager Mandate to manage the Offers.

The Lead Manager will be entitled to a fee of 6% of the total amount raised under each Offer, a success fee of \$50,000 and reasonable reimbursements.

Please refer to Section 10.2 for further details of the terms under which the Lead Manager has been engaged by Spectur.

the right to accept or reject a lesser amount to the total amount of Offer Securities applied for by an Applicant in an Application Form at its complete discretion.

An original, completed and lodged Application Form together with a cheque or money order for the Application Money constitutes a binding and irrevocable offer to subscribe for the number of Offer Securities specified in that Application Form. The form does not need to be signed to be valid.

Spectur reserves the right to refuse a completed Application Form.

If an Application Form is not completed correctly or if the accompanying payment is for an incorrect amount, it may be treated by Spectur as valid at its discretion. The Directors’ decision as to whether to treat such an application as valid and how to construe, amend or complete the Application Form is final. However, an Applicant will not be treated as having applied for more Offer Securities than is indicated by the amount of Application Money.

4.11 Applications for Offer Securities

a. Form of Application

Applications for Offer Securities under either Offer must be made on the relevant Application Form for that Offer which accompanies this Prospectus. An Application Form must be completed in accordance with the instructions set out on the back of the form.

Application Forms may be submitted as paper copies or, if submitted through the Lead Manager, in electronic format as outlined below.

Applications under the Share Offer must be for a minimum of 10,000 Shares at \$0.20 totalling \$2,000 and thereafter increments of 1,000 Shares at \$0.20 each totalling \$200.

Applications under the Option Offer must be for a minimum of 2,500 Options at \$0.01 totalling \$25 and thereafter increments of 2,500 Options at \$0.01 each totalling \$25.

Brokerage or transfer/stamp duty is not payable in relation to either Offer.

Applicants who wish to apply under an Offer are urged to lodge the relevant Application Form as soon as possible as either Offer may close early without notice.

Spectur, in consultation with the Lead Manager, reserves

b. Payment by cheque or money order

An Application Form must be accompanied by a personal cheque or money order, payable in Australian dollars, for an amount equal to the number of Offer Securities for which the Applicant wishes to apply, multiplied by the Offer Price of those Securities.

Cheques or money orders must be made payable to “Spectur Limited – Application Account” and should be marked “Not Negotiable”.

Completed Application Forms and accompanying cheques or money orders must be received by Spectur before **5.00pm (WST) on the Closing Date** for the applicable Offer at either of the following addresses:

Delivery	Post
Spectur Limited c/- Alto Capital Ground Floor, 16 Ord Street, West Perth, Western Australian 6005	Spectur Limited c/- Alto Capital PO Box 248 West Perth, Western Australian 6872

4. DETAILS OF THE OFFERS | CONTINUED

c. Applications through the Lead Manager

Persons who have received a firm allocation of Offer Securities from the Lead Manager (either directly or via their stockbroker) may apply for Offer Securities by arrangement with the Lead Manager.

Each such Applicant must submit a completed paper copy or electronic Application Form for the relevant Offer together with the relevant Application Money before **5.00pm (WST) on the Closing Date** of that Offer or otherwise in accordance with the Lead Manager's directions.

By making an Application to the Lead Manager, an Applicant will be taken to have confirmed that they have received a copy of this Prospectus together with the Application Form for the relevant Offer.

4.12 Application Money to be held on trust

Application Money will be held by Spectur on trust in accordance with the requirements of the Corporations Act until the Offer Securities to which the Application Money pertains are issued under an Offer or a refund of Application Money occurs in the circumstances described in this Prospectus. Spectur will retain any interest earned on Application Money, including in the event of any refund of Application Money.

4.13 Applicants outside of Australia

This Prospectus does not constitute an offer of Offer Securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue this Prospectus or make the Offers.

Spectur has not taken any action to register or qualify the Offer Securities or an Offer, or otherwise to permit a public offering of the Offer Securities, in any jurisdiction outside Australia.

It is the responsibility of any Applicant who is resident outside Australia to ensure compliance with all laws of any country relevant to their Application, and any such Applicant should consult their professional adviser as to whether any government or other consents are required, or whether any formalities need to be observed to enable them to apply for and be issued Offer Securities. Return of a duly completed Application Form will constitute a representation and warranty by an Applicant that there has not been any breach of such regulations.

4.14 Allotment and issue of Offer Securities

Subject to ASX granting approval for Spectur to be admitted to the Official List of ASX, the allotment and issue of Offer Securities to Applicants will occur as soon as practicable after the relevant Closing Date for each Offer, following which Holding Statements will be despatched.

It is the responsibility of Applicants to determine their allocation prior to trading Offer Securities. Applicants who sell Offer Securities before they receive their Holding Statements do so at their own risk.

4.15 Allocation of Offer Securities

Subject to the obligations set out in the Lead Manager Mandate, the Directors have the right to allocate Offer Securities at their discretion.

The Directors, in consultation with the Lead Manager, may reject any Application or allocate to any Applicant fewer Offer Securities than applied for.

The Directors, in consultation with the Lead Manager, will generally allocate Offer Securities at their discretion in the manner which they consider to be fair and reasonable, having regard to the requirements of the ASX Listing Rules that Spectur must have a prescribed minimum number of Offer Security holders that hold a marketable parcel of those Offer Securities.

If your Application is not accepted, or is accepted in part only, the relevant part of the Application Money will be returned to you without any accrued interest.

Certain Directors may participate in the Offers. Further details of the maximum number of Offer Securities that the Directors may subscribe for are set out in Section 12.3.

4.16 ASX listing and quotation

a. Shares

Spectur will apply to ASX within 7 days after the Prospectus Date for ASX to admit Spectur to the ASX and for quotation of the Shares offered under this Prospectus (apart from any Shares that may be designated by ASX as "restricted securities") on the Official List of ASX.

If approval for quotation of the Shares to be issued pursuant to this Prospectus is not granted within 3 months after the Prospectus Date, Spectur will not allot or issue any Shares and will repay all Application Money without interest as soon as practicable.

ASX does not take any responsibility for the contents of this Prospectus. The fact that ASX may admit Spectur to the Official List is not to be taken in any way as an indication of the merits of Spectur or Shares offered pursuant to this Prospectus.

b. Options

Spectur will not apply for quotation of the Options offered under this Prospectus.

The Options will remain a class of unquoted Options.

4. DETAILS OF THE OFFERS | CONTINUED

4.17 CHESS and issuer sponsorship

Spectur will apply to participate in the Clearing House Electronic Sub-register System (**CHESS**), operated by ASX Settlement (a wholly owned subsidiary of ASX), in accordance with the ASX Listing Rules and ASX Settlement Rules. Spectur will operate an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together will make up Spectur's principal register of its Securities.

Under CHESS, Spectur will not issue certificates to the holders of Securities. Instead, Spectur will provide holders with a Holding Statement (similar to a bank account statement) that sets out the number of Offer Securities allotted and issued to them under this Prospectus.

This holding statement also advises investors of either their Holder Identification Number (**HIN**) in the case of a holding on the CHESS sub-register or Security Holder Reference Number (**SRN**) in the case of a holding on the issuer sponsored sub-register.

A statement will be routinely sent to holders at the end of any calendar month during which their holding changes. A holder may request a statement at any other time; however, a charge may be incurred for additional statements.

4.18 Privacy disclosure

Spectur collects information about each Applicant from the Application Forms for the purpose of processing the Application and, if the Applicant is successful, for the purposes of administering the Applicant's security holding in Spectur.

By submitting an Application Form, each Applicant agrees that Spectur may use the information in the Application Form for the purposes set out in this privacy disclosure statement.

Spectur and the Securities Registry may disclose an Applicant's personal information for purposes related to the Applicant's investment to their agents and service providers including those listed below or as otherwise authorised under the *Privacy Act 1988* (Cth) (**Privacy Act**):

- the Securities Registry for ongoing administration of Spectur's register;
- the Lead Manager for the purposes of the capital raising part of the Offers; and
- the printers and the mailing house for the purposes of preparing and distributing Holding Statements and for the handling of mail.

If an Applicant becomes a security holder of Spectur, the Corporations Act requires Spectur to include information about the security holder (name, address and details of the Securities held) in its public register. This information must remain in Spectur's register even if that person ceases to be a security holder of Spectur. Information contained in Spectur's register is also used to facilitate distribution payments and corporate communications (including Spectur's financial results, annual

reports and other information that Spectur may wish to communicate to its security holders) and compliance by Spectur with legal and regulatory requirements.

If an Applicant does not provide the information required on the Application Form, Spectur may not be able to accept or process their Application.

Under the Privacy Act, a person may request access to their personal information held by (or on behalf of) Spectur or the Securities Registry. An Applicant can request access to their personal information by writing to Spectur through the Securities Registry.

4.19 Forward-looking statements

As Spectur's business is at an early stage of development, there are significant uncertainties associated with forecasting future revenue. On this basis, the Directors, having considered ASIC regulatory guidance, consider that other than the short-term revenue forecast for the 2016/17 financial year in Section 2.8(b), reliable forecasts of any possible revenue, earnings, profits and expenses cannot be prepared and accordingly have not included forecasts in this Prospectus. Please refer to Section 2 for further information about Spectur's business and activities.

Notwithstanding the above, this Prospectus includes, or may include, forward-looking statements including, without limitation, forward-looking statements regarding Spectur's financial position, business strategy, and plans and objectives for its projects and future operations (including development plans and objectives), which have been based on Spectur's current expectations about future events.

These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions that could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding Spectur's present and future business strategies and the environment in which Spectur will or may operate in the future.

Matters not yet known to Spectur or not currently considered material to Spectur may impact on these forward-looking statements. The forward-looking statements in this Prospectus reflect views held only as at the Prospectus Date. In light of these risks, uncertainties and assumptions, the forward-looking statements discussed in this Prospectus might not occur. Investors are therefore cautioned not to place undue reliance on these statements.

5. BOARD AND MANAGEMENT

5.1 Biographies

Spectur will be managed by the Board of Directors.
The Board presently comprises 4 Directors: 2 Executive Directors and 2 Non-Executive Directors.
Biographies of the Directors are detailed below.

OFFICERS

RICHARD WILKINS - EXECUTIVE CHAIRMAN
Diploma of Electronic Engineering from Kilkenny Technical College, Adelaide



Richard Wilkins is the founding Director and Shareholder of Spectur.
Richard has extensive industry experience in electronic engineering, telecommunications and radio communications. His experience spans from product design and technical development through to overseeing the commissioning and maintenance of major communications networks.

Richard began his career in the Royal Australian Navy, joining the radio (air) technical branch and finishing in charge of the Electronics School of Avionics for pilots, navigators and technical staff.

Richard entered the private sector where he headed Standard Telephones and Cables' maintenance team for microwave and mobile communications on the rail network between Newman and Port Hedland. He was subsequently engaged by the Natural Gas Pipeline Authority of South Australia (as it was then known) to oversee the commissioning and ongoing maintenance of the microwave and mobile communications network for the gas pipeline between Moomba and Adelaide.

Richard successfully operated his own businesses, Radiolab, CR Labs and RF Innovations, which developed innovative electronic and communications products and serviced communications networks for government departments as well as major resources and telecommunications companies. He was integrally involved in the design and development of high power paging transmitter which was ultimately sold to Telstra, Victoria's state-wide emergency services and to European markets under a license agreement. Richard, in his role as managing director, designed self-powered train wheel bearing temperature monitors and a low power active prototype radar system for collision avoidance, specifically for mine-site loading areas.

Richard remains actively involved in the day-to-day management and technical operations of Spectur, as well as working with the Board to set its strategy for ongoing business development, managing R&D and providing general support to the Managing Director

PETER HOLTON - MANAGING DIRECTOR
Bachelor of Science (Honours) in Social and Political Science from Kingston University, London



Peter Holton has over 30 years' senior management experience in product sales, distribution and marketing in Australia and Europe. He has been directly responsible for managing and increasing product lines and sales via direct sales, distribution and licensing.

Peter has previously developed and led sales teams for market leading companies both in Australia and in Europe. He was the sales manager of Surf Sales Ltd where he helped introduced the O'Neill brand into the UK market. He subsequently became the sales and marketing director of ATB Sales Ltd, setting up the launch of the high-end Marin mountain bike brand in the UK.

Peter was also involved in financing the development of the 49er sailing dinghy developed by Australian 18-foot skiff legends, Frank and Julian Bethwaite. He held the European marketing rights to this boat which was ultimately selected by the International Olympic Committee for a new high sailing performance category at the 2000 Olympic Games held in Sydney.

Peter subsequently migrated to Australia where he established and operated successful coffee equipment sales and service business, Supreme Coffee Machines, as its managing director.

Peter joined Spectur as Business Development Manager in 2012 and became the Managing Director in 2017.

5. BOARD AND MANAGEMENT | CONTINUED

OFFICERS

STEPHEN BODEKER - NON-EXECUTIVE DIRECTOR
Bachelor of Accounting Science from the University of South Africa, Associate General Accountant (South Africa), Certified Practising Accountant, Chartered Management Accountant



Stephen Bodeker is an accomplished senior finance executive with over 20 years' experience in the corporate sector, working within several industries including professional services, logistics, manufacturing, health services and media. He has held senior finance roles in organisations including KPMG, Nestor Healthcare, Britvic PLC, Carbon Conscious Limited (now Alterra Limited) and others. He is currently the Group Financial Manager for Silver Chain Group.

Stephen's experience spans external and internal audit, financial control, staff management, taxation, financial modelling, cost control, risk management, company secretarial and corporate governance.

Stephen is an associate member of the South African Institute of Chartered Accountants, a practicing CPA, a member of the Chartered Institute of Management Accountants and a fellow of the Governance Institute of Australia.

ANDREW HAGEN - NON-EXECUTIVE DIRECTOR
Bachelor of Commerce (Property and Finance) from Curtin University.



Andrew Hagen has substantial experience in business development, management, marketing and sales. Andrew worked in the property development industry as a director of Tuat Properties, a privately held property development business since 2003 and worked as a Development Manager for ASX listed as well as government owned property development firms such

as Brookfield Ltd, Mirvac Ltd, Peet Ltd, Cedar Woods Ltd and LandCorp over the course of 17 years.

More recently, Andrew co-founded Cycliq Group Ltd (ASX:CYQ), held the position of CEO for over five years and still remains a substantial shareholder. He was responsible for creating and developing the business direction, sourcing seed funding, key relationship management, co-developing products, team building and promotion of the brand. Andrew managed early stage sales and established Cycliq's international sales distribution network. In his role as CEO, he oversaw Cycliq's senior management team including its Australian and international operations.

Andrew is also the director of Breakwater (WA) Pty Ltd, a private project management company.

JAPHETH DELA TORRE - JOINT COMPANY SECRETARY
Bachelor of Science in Accountancy from University of Santo Tomas, Manila, Philippines



Japheth Dela Torre is a Certified Public Accountant and a member of CPA Australia. He has over 17 years' experience in external audit.

Japheth started his audit career at Ernst & Young Philippines. He worked for more than 10 years in Ernst & Young Dubai where he was promoted to manager, and subsequently Crowe Horwath UAE as

senior audit manager.

Japheth migrated to Western Australia in 2015 and has held contract positions in a national mid-tier network firm. He is currently a senior consultant at Cobblestones Corporate Pty Ltd.

Japheth acted as a Non-Executive Director of Spectur between March 2017 and June 2017.

Japheth has advised the Board that he intends to step down as a Company Secretary upon Spectur's admission to the Official List of ASX.

SUZIE FOREMAN - JOINT COMPANY SECRETARY
Bachelor of Commerce (Honours) from the University of Sheffield (CA)



Suzie Foreman is a Chartered Accountant with over 20 years of experience within the UK and Australia, including 11 years combined experience with a Big 4, and a boutique advisory firm, specialising in the areas of audit and corporate services. Suzie has extensive experience as a Chief Financial Officer and Company Secretary

for ASX listed and start-up companies. Suzie is skilled in cash flow, enterprise risk management, financial reporting, audit, and company secretarial work.

Suzie is currently the Company Secretary and Chief Financial Officer for Jameson Resources Ltd (ASX:JAL) and has previously held several Company Secretary and/or Chief Financial Officer positions for ASX listed entities.

5. BOARD AND MANAGEMENT | CONTINUED

MANAGEMENT

DR NICK LE MARSHALL - TECHNOLOGY AND DEVELOPMENT MANAGER

Bachelor of Science and Bachelor Engineering (Honours) from the University of Melbourne, Doctor of Philosophy in Electronic Engineering from the University of New South Wales



Nicholas (Nick) Le Marshall has over 20 years' experience in software and hardware product development. He has previously provided consulting services to Honeywell Aerospace/Defence (used by the United States Air Force), Telstra and the Royal Melbourne Institute of Technology.

Nick has worked with Spectur to develop its systems for the last 5 years as a consultant and was appointed as Technology and Development Manager in March 2017. He has primarily been responsible for cloud computing and internet front-end development, back-end data servers, camera embedded software on both Linux and Android operating systems (including image/video processing), electronics design, prototyping and testing, electronics manufacturing and procurement and application development.

5.2 Independence

The Board considers that Stephen Bodeker and Andrew Hagen are independent Directors because they are free from any business or other relationship with Spectur that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of their judgement as Directors.



Photo: Spectur's HD4 systems undergoing testing at Spectur's Perth facility.

6. CORPORATE GOVERNANCE

6.1 Overview

Spectur's corporate governance policies and procedures have been designed to be consistent with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition) (**ASX Recommendations**), and are outlined below.

The Board has adopted the corporate governance policies described below. Copies of the policies are available on Spectur's website at <https://www.spectur.com.au/>.

As Spectur's activities develop in size, nature and scope, the implementation of additional corporate governance policies will be given further consideration.

6.2 The Board

The Board is responsible for the overall corporate governance of Spectur, and it recognises the need for the highest standards of ethical behaviour and accountability. The Board is committed to administering its corporate governance structures to promote integrity and responsible decision making.

6.3 Composition of the Board

The Constitution requires Spectur to have a minimum number of 3 Directors. The maximum number of Directors is fixed by the Board but may not be more than 10, unless the members of Spectur in a general meeting resolve otherwise.

The relevant provisions in the Constitution, the Corporations Act and the ASX Listing Rules determine the terms and conditions relating to the appointment and termination of Directors. All Directors, other than the Managing Director, are subject to re-election by rotation every 3 years.

Identification of potential Board candidates includes consideration of the skills, experience, personal attributes and capability to devote the necessary time and commitment to the role.

6. CORPORATE GOVERNANCE | CONTINUED

6.4 Charters and policies

Set out in the table below is a list of Spectur's corporate governance charters and policies and a brief description of the purpose of each. Copies of the charters and policies are in the Corporate Governance section of Spectur's website, <https://www.spectur.com.au/>.

Charter / policy	Purpose
Board Charter	Sets out the various responsibilities of the Board with regard to the overall operation and stewardship of Spectur (and any future subsidiaries of Spectur).
Code of Conduct	The Code of Conduct aims to develop a consistent understanding of, and approach to, the desired standards of conduct and behaviour of the Directors, officers, employees and consultants in carrying out their roles for Spectur.
Continuous Disclosure and Market Communications Policy	The purpose of the Continuous Disclosure and Market Communications Policy is to: <ul style="list-style-type: none">a. ensure that Spectur, as a minimum, complies with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules and, as much as possible, seeks to achieve best practice;b. provide Shareholders and the market with timely, direct and equal access to information issued by Spectur; andc. promote investor confidence in the integrity of Spectur and its Securities
Securities Trading Policy	The Securities Trading Policy states the requirements for all Directors, senior executives, employees and consultants of Spectur dealing in Spectur's Shares.
Shareholder Communication Policy	The Shareholder Communication Policy states the processes through which Spectur will endeavour to ensure timely and accurate information is provided to all Shareholders and the broader market.
Risk Management Policy	The purpose of the Risk Management Policy is to: <ul style="list-style-type: none">a. provide a framework for identifying, assessing, monitoring and managing risk;b. communicate the roles and accountabilities of participants in the risk management system; andc. highlight the status of risks to which Spectur is exposed, including any material changes to Spectur's risk profile.
Audit Policy	The Audit Policy states the roles and responsibilities of the Board in performing its function to oversee Spectur's internal and external audit matters. The primary role of the function is to: <ul style="list-style-type: none">a. monitor the integrity and quality of interim and annual financial reporting and disclosures;b. identify key business, financial and regulatory risks;c. monitor compliance with relevant laws, regulations, standards and codes;d. monitor the adequacy of the internal control framework; ande. monitor the integrity of internal and external audit.
Nomination and Remuneration Policy	Sets out the Board's policy and procedures for nomination and remuneration of officers and senior management, including in relation to the Managing Director, to ensure that they are fair and meet market conditions.



Photo: Spectur's HD4 camera system in operation on a client's (Perth Builder's) site.

6. CORPORATE GOVERNANCE | CONTINUED

6.5 Corporate governance compliance with ASX Recommendations

Spectur sets out below its “if not, why not” report in relation to those matters of corporate governance where Spectur’s practice departs from the ASX Recommendations to the extent that they are currently applicable to Spectur.

ASX Principle and Recommendation	Compliance (Yes/No)	Explanation
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should disclose: a. the respective roles and responsibilities of its board and management; and b. those matters expressly reserved to the board and those delegated to management	Yes	<p>Spectur has adopted a Board Charter which discloses the roles and responsibilities of the Board and senior management.</p> <p>Under the Board Charter, the Board is responsible for the overall operation and stewardship of Spectur (and any future subsidiaries), including charting the direction, strategies and financial objectives for Spectur, monitoring the implementation of those policies, strategies and financial objectives, and monitoring compliance with regulatory requirements and ethical standards.</p> <p>The Board Charter is available on Spectur’s website.</p>
Recommendation 1.2 A listed entity should: a. undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and b. provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.	Yes	<p>Spectur will conduct background checks of candidates for new Director positions prior to their appointment or nomination for election by Shareholders, including checks as to good character, experience, education, qualifications, criminal history and bankruptcy.</p> <p>Spectur does not propose to conduct specific checks prior to nominating an existing Director for re-election by Shareholders at a general meeting on the basis that this is not considered necessary given that each Director was required to submit to the ASX ‘good fame and character’ assessment during Spectur’s admission to the Official List of ASX.</p> <p>As a matter of practice, Spectur will include in its notices of meeting a brief biography and other material information in relation to each Director who stands for election or re-election, including relevant qualifications and professional experience of the nominated Director for consideration by Shareholders.</p>
Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	<p>Spectur engages or employs its Directors and other senior management under written agreements setting out key terms and otherwise governing their engagement or employment by Spectur.</p> <p>Each Executive Director is employed pursuant to a written employment agreement and each Non-Executive Director is engaged under an engagement letter.</p>
Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes	<p>The Company Secretary reports directly, and is accountable, to the Board through the Chairperson in relation to all governance matters.</p> <p>The Company Secretary advises and supports the Board members on general governance matters, implements adopted governance procedures, and coordinates circulation of meeting agendas and papers.</p>

6. CORPORATE GOVERNANCE | CONTINUED

ASX Principle and Recommendation	Compliance (Yes/No)	Explanation
Recommendation 1.5 A listed entity should: a. have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity’s progress in achieving them; b. disclose that policy or a summary of it; and c. disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity’s diversity policy and its progress towards achieving them, and either: 1. the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined “senior executive” for these purposes); or 2. if the entity is a “relevant employer” under the <i>Workplace Gender Equality Act</i> , the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act.	No	<p>Given Spectur’s size and its stage of development, Spectur has not adopted a formal diversity policy at this stage.</p> <p>Spectur has a policy to select the best available officers and staff for each relevant position in a non-discriminatory manner based on merit.</p> <p>Notwithstanding this, the Board respects and values the benefits that diversity (e.g. gender, age, ethnicity, cultural background, disability and martial/family status etc) brings in relation to expanding Spectur’s perspective and thereby improving corporate performance, increasing Shareholder value and maximising the probability of achieving Spectur’s objectives.</p> <p>The Board is committed to developing a diverse workplace where appointments or advancements are made on a fair and equitable basis.</p>
Recommendation 1.6 A listed entity should: a. have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and b. disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes	<p>Spectur has adopted in its Board Charter a process for evaluation of the Board, its committees and individual Directors. This process is conducted by the Board.</p> <p>The Board also performs a complementary function under the Nomination and Remuneration Policy.</p> <p>Following admission to ASX, Spectur will disclose if a performance evaluation has been conducted.</p>
Recommendation 1.7 A listed entity should: a. have and disclose a process for periodically evaluating the performance of its senior executives; and b. disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes	<p>The Nomination and Remuneration Policy provides that the Board will undertake performance evaluation of the Directors and senior management on at least an annual basis.</p> <p>Following admission to ASX, Spectur will disclose if a performance evaluation has been conducted.</p>

6. CORPORATE GOVERNANCE | CONTINUED

ASX Principle and Recommendation	Compliance (Yes/No)	Explanation
Principal 2: Structure the Board to add value		
Recommendation 2.1 The board of a listed entity should: a. have a nomination committee which: 1. has at least three members, a majority of whom are independent directors; and 2. is chaired by an independent director, and disclose: 3. the charter of the committee; 4. the members of the committee; and 5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or b. if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	No	<p>Spectur does not have a nomination committee at this stage. The Board considers that, given the current size and scope of Spectur's operations, efficiencies or other benefits would not be gained by establishing a separate nomination committee.</p> <p>The full Board, which comprises 2 Executive Directors and 2 Non-Executive Directors, considers the matters and issues that would otherwise be addressed by a nomination committee in accordance with Spectur's Nomination and Remuneration Policy.</p> <p>Under the Board Charter, candidacy for the Board is based on merit against objective criteria with a view to maintaining an appropriate balance of skills and experience. As a matter of practise, candidates for the office of Director are individually assessed by the Chairperson and the Managing Director before appointment or nomination to ensure that they possess the relevant skills, experience or other qualities considered appropriate and necessary to provide value and assist in advancement of Spectur's operations.</p> <p>The Board intends to reconsider the requirement for, and benefits of, a separate nomination committee as Spectur's operations grow and evolve.</p>
Recommendation 2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	No	<p>Spectur does not currently have a skills or diversity matrix in relation to the Board members.</p> <p>The Board considers that such a matrix is not necessary given the current size and scope of Spectur's operations. The Board may adopt such a matrix at a later time as Spectur's operations grow and evolve.</p>
Recommendation 2.3 A listed entity should disclose: a. the names of the directors considered by the board to be independent directors; b. if a director has an interest, position, association or relationship of the type described in Box 2.3 of the Recommendations but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and c. the length of service of each director.	Yes	<p>Disclosure of the names of Directors considered by the Board to be independent will be provided in Spectur's annual reports.</p> <p>At the Prospectus Date, Stephen Bodeker and Andrew Hagen are considered to be independent Directors.</p> <p>Details of the Directors' interests, positions, associations and relationships are provided in Sections 4, 12.1 and 12.2.</p> <p>The length of service of each Director will be provided in the annual report and is, at the Prospectus Date, as follows:</p> <ul style="list-style-type: none">Richard Wilkins – since 22 October 2009;Peter Holton – since 9 March 2017;Stephen Bodeker – since 9 June 2017; andAndrew Hagen – since 9 June 2017.

6. CORPORATE GOVERNANCE | CONTINUED

ASX Principle and Recommendation	Compliance (Yes/No)	Explanation
Recommendation 2.4 A majority of the board of a listed entity should be independent directors.	No	<p>The Board is not comprised of a majority of independent Directors.</p> <p>There are currently 2 Directors who satisfy the criteria for independence for the purposes of ASX Recommendation 2.3, being Stephen Bodeker and Andrew Hagen. These members represent half of the Board.</p> <p>However, given the size and scope of Spectur's operations, the Board considers that it has relevant experience in industrial technology, sales and is otherwise appropriately structured to discharge its duties in a manner that is in the best interests of Spectur and its Shareholders from both a long-term strategic and operational perspective.</p> <p>The Board Charter provides that it is preferable that the majority of the Board be independent Non-Executive Directors. Accordingly, the Board intends to appoint further independent Non-Executive Directors as suitably qualified candidates are identified and as Spectur's operations warrant such appointment.</p>
Recommendation 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	No	<p>The Board does not consider that the Chairman of Spectur, Richard Wilkins, is independent with the criteria for independence outlined in ASX Recommendation 2.3.</p> <p>The Board does not consider that an independent non-executive chair is necessary given Spectur's current size and scope of operations. As it develops and its operations expand, the Board will review this position.</p> <p>The Managing Director, Peter Holton, is the chief executive officer and is not the Chairperson.</p>
Recommendation 2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	No	<p>Spectur does not currently have a formal induction program for new Directors nor does it have a formal professional development program for existing Directors. The Board does not consider that a formal induction program is necessary given the current size and scope of Spectur's operations.</p> <p>The Directors have been selected on the basis that collectively they have experience across business management, product design and development, industrial technology (including electronics and telecommunications), product sales and marketing, finance and accounting. Mr Bodeker and Mr Hagen also have experience with management of an ASX listed company.</p> <p>All Directors are generally experienced in company operations, albeit in different aspects (e.g. operations, finance, corporate governance etc.). The Board seeks to ensure that all of its Shareholders understand Spectur's operations. Directors also attend, on behalf of Spectur and otherwise, technical and commercial seminars and industry conferences which enable them to maintain their understanding of industry matters and technical advances.</p>

6. CORPORATE GOVERNANCE | CONTINUED

ASX Principle and Recommendation	Compliance (Yes/No)	Explanation
Principal 3: Act ethically and responsibly		
Recommendation 3.1	Yes	The Board believes that the success of Spectur has been and will continue to be enhanced by a strong ethical culture within the organisation. Accordingly, Spectur has established a Code of Conduct which sets out the standards with which the Directors, officers, managers, employees and consultants of Spectur (and any future subsidiaries of Spectur) are expected to comply in relation to the affairs of Spectur's business and when dealing with each other, Shareholders and the broader community. The Code also outlines the procedure for reporting any breaches of the Code and the possible disciplinary action Spectur may take in respect of any breaches. In addition to their obligations under the Corporations Act in relation to inside information, all Directors, employees and consultants have a duty of confidentiality to Spectur in relation to confidential information they possess. In fulfilling their duties, each Director dealing with corporate governance matters may obtain independent professional advice at Spectur's expense, subject to prior approval of the Managing Director, whose approval will not be unreasonably withheld. Spectur's Code of Conduct is available on Spectur's website.
Principal 4: Safeguard integrity in corporate reporting		
Recommendation 4.1	No	Spectur has not established a separate audit committee. The audit function is performed by the full Board pursuant to the Audit Policy. The Board does not consider that a separate audit committee is necessary given the current size and scope of Spectur's operations and its Board. The Audit Policy is available on Spectur's website.
The board of a listed entity should:		
a. have an audit committee which:		
1. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and		
2. is chaired by an independent director, who is not the chair of the board,		
and disclose:		
3. the charter of the committee;		
4. the relevant qualifications and experience of the members of the committee; and		
5. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or		
b. if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.		

6. CORPORATE GOVERNANCE | CONTINUED

ASX Principle and Recommendation	Compliance (Yes/No)	Explanation
Recommendation 4.2	Yes	As a matter of practise, Spectur obtains declarations from its Managing Director and Company Secretary before its financial statements are approved substantially in the form referred to in ASX Recommendation 4.2. The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
Recommendation 4.3	Yes	In accordance with Spectur's Shareholder Communications Policy, Spectur will request that its external auditor attends each annual general meeting and be available to answer Shareholder questions about the conduct of the audit and the preparation and content of the auditor's report. A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.
Principal 5: Make timely and balanced disclosure		
Recommendation 5.1	Yes	Spectur has adopted a Continuous Disclosure and Market Communications Policy. Spectur is a "disclosing entity" pursuant to section 111AR of the Corporations Act and, as such, will be required to comply with the continuous disclosure requirements of section 674 of the Corporations Act and Chapter 3 of the ASX Listing Rules, following admission to ASX. Spectur is committed to observing its disclosure obligations under the Corporations Act and, following admission to ASX, its obligations under the ASX Listing Rules. All announcements provided to ASX will be posted on Spectur's website. The Continuous Disclosure and Market Communications Policy is available on Spectur's website.
Principal 6: Respect the rights of security holders		
Recommendation 6.1	Yes	Information about Spectur and its corporate governance, including copies of its various corporate governance policies and charters, is available on Spectur's website. A listed entity should provide information about itself and its governance to investors via its website.

6. CORPORATE GOVERNANCE | CONTINUED

ASX Principle and Recommendation	Compliance (Yes/No)	Explanation
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	<p>Spectur has adopted a Shareholder Communications Policy, the purpose of which is to facilitate the effective exercise of Shareholders' rights by communicating effectively with Shareholders, giving Shareholders ready access to balanced and understandable information about Spectur and its corporate strategies and making it easy for Shareholders to participate in general meetings of Spectur.</p> <p>Spectur communicates with Shareholders as follows:</p> <ul style="list-style-type: none">• following admission to ASX, through releases to the market via the ASX;• through Spectur's website;• through information provided directly to Shareholders; and• at general meetings. <p>The Shareholder Communications Policy is available on Spectur's website.</p>
Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	<p>Spectur supports Shareholder participation in general meetings and seeks to provide appropriate mechanisms for such participation, including by ensuring that meetings are held at convenient times and places to encourage Shareholder participation.</p> <p>In preparing for general meetings of Spectur, Spectur will draft the notice of meeting and related explanatory information so that they provide all of the information that is relevant to Shareholders in making decisions on matters to be voted on by them at the meeting. This information will be presented clearly and concisely so that it is easy to understand and not ambiguous.</p> <p>Spectur will use general meetings as a tool to effectively communicate with Shareholders and will allow Shareholders a reasonable opportunity to ask questions of the Board and to otherwise participate in the meeting.</p> <p>Mechanisms for encouraging and facilitating Shareholder participation will be reviewed regularly to encourage the highest level of Shareholder participation.</p>
Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	<p>Spectur considers that communicating with Shareholders by electronic means is an efficient way to distribute information in a timely and convenient manner.</p> <p>Spectur provides new Shareholders with the option to receive communications from Spectur electronically and Spectur encourages them to do so. Existing Shareholders are also encouraged to request communications electronically.</p> <p>Following admission to ASX, all Shareholders that have opted to receive communications electronically will be provided with notifications by Spectur when an announcement or other communication (including an annual reports and notice of meeting) is uploaded to the ASX announcements platform.</p>

6. CORPORATE GOVERNANCE | CONTINUED

ASX Principle and Recommendation	Compliance (Yes/No)	Explanation
Principal 7: Recognise and manage risk		
Recommendation 7.1 The board of a listed entity should: a. have a committee or committees to oversee risk each of which: 1. has at least three members, a majority of whom are independent directors; and 2. is chaired by an independent director, and disclose: 3. the charter of the committee; 4. the members of the committee; and 5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or b. if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	No	<p>Spectur does not have a separate risk management committee.</p> <p>The Board is responsible for supervising management's framework of control and accountability systems to enable risk to be assessed and managed in accordance with Spectur's Risk Management Policy.</p> <p>The Board considers that, given the current size and scope of Spectur's operations and that only two Directors hold executive positions, efficiencies or other benefits would not be gained by establishing a separate risk management committee at present.</p> <p>As Spectur's operations grow and evolve, the Board will reconsider the appropriateness of forming a separate risk management committee.</p> <p>However, Spectur has adopted a Risk Management Policy for Spectur. The purpose of the policy is to:</p> <ul style="list-style-type: none">• provide a framework for identifying, assessing, monitoring and managing risk;• communicate the roles and accountabilities of participants in the risk management system; and• highlight the status of risks to which Spectur is exposed, including any material changes to Spectur's risk profile. <p>Further, the Board is responsible for the following under the policy:</p> <ul style="list-style-type: none">• risk management and oversight of internal controls;• establishing procedures which provide assurance that business risks are identified, consistently assessed and adequately addressed; and• for the overseeing of such procedures. <p>The Risk Management Policy is available on Spectur's website.</p>
Recommendation 7.2 The board or a committee of the board should: a. review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and b. disclose, in relation to each reporting period, whether such a review has taken place.	Yes	<p>The Board has responsibility for the monitoring of risk management and will review Spectur's risk management framework on an annual basis to ensure Spectur's risk management framework continues to be effective.</p> <p>Disclosure of the outcome of the annual risk management review will be included in the annual report.</p>

6. CORPORATE GOVERNANCE | CONTINUED

ASX Principle and Recommendation	Compliance (Yes/No)	Explanation
Recommendation 7.3 A listed entity should disclose: a. if it has an internal audit function, how the function is structured and what role it performs; or b. if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	No	<p>Spectur does not currently have an internal audit function. This function is undertaken by relevant staff under the direction of the full Board.</p> <p>Spectur has adopted internal control procedures pursuant to its Risk Management Policy.</p> <p>Spectur's internal controls include the following:</p> <ul style="list-style-type: none">• Spectur has authorisation limits in place for expenditure and payments;• a Director or senior manager must not approve a payment to themselves or a related party, other than standard salary/directors fees in accordance with their Board approved remuneration;• Spectur prepares cash flow forecasts which include materiality thresholds and which are regularly reviewed; and• Spectur regularly reviews its other financial materiality thresholds. <p>The Board and senior management are charged with evaluating and considering improvements to Spectur's risk management and internal control processes on an ongoing basis.</p> <p>The Board considers that an internal audit function is not currently necessary given the current size and scope of Spectur's operations.</p> <p>As Spectur's operations grow and evolve, the Board will reconsider the appropriateness of adopting an internal audit function.</p>
Recommendation 7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes	<p>Spectur's primary activity is sale and distribution of security surveillance products and services. These activities do not expose Spectur to any particular economic, environmental or social sustainability risks not faced by all other participants in an open economy.</p> <p>The Board will consider on an on-going basis whether Spectur has any particular exposure to material economic, environmental and social sustainability risks and, if identified, Spectur will include details in its annual report.</p>

6. CORPORATE GOVERNANCE | CONTINUED

ASX Principle and Recommendation	Compliance (Yes/No)	Explanation
Principal 8: Remunerate fairly and responsibly		
Recommendation 8.1 The board of a listed entity should: a. have a remuneration committee which: 1. has at least three members, a majority of whom are independent directors; and 2. is chaired by an independent director, and disclose: 3. the charter of the committee; 4. the members of the committee; and 5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or b. if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	No	<p>Spectur has not established a separate remuneration committee.</p> <p>The role of the remuneration committee is undertaken by the full Board. The Board considers that, given its current size and that only two Directors hold executive positions in Spectur, efficiencies or other benefits would not be gained by establishing a separate remuneration committee.</p> <p>Following admission to ASX, Spectur will set out the remuneration paid or provided to Directors and senior executives annually in the remuneration report contained within Spectur's annual report to Shareholders.</p> <p>The full Board determines all compensation arrangements for Directors. It is also responsible for setting performance criteria, performance indicators, share option schemes, incentive performance schemes, superannuation entitlements, retirement and termination entitlements and professional indemnity and liability insurance cover.</p> <p>As Spectur's operations grow and evolve, the Board will reconsider the appropriateness of forming a separate remuneration committee.</p> <p>The Nomination and Remuneration Policy is available on Spectur's website.</p>
Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes	<p>Following admission to ASX, Spectur's policies and practices regarding the remuneration of Executive and Non-Executive Directors and other senior management are set out in the Remuneration Report contained in Spectur's Annual Report for each financial year.</p>
Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: a. have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and b. disclose that policy or a summary of it.	Yes	<p>Spectur has adopted an Employee Incentive Plan. In accordance with Spectur's Securities Trading Policy, the plan does not allow participants to enter transactions that would limit their economic risk under the scheme.</p> <p>Spectur's Securities Trading Policy sets out the circumstances in which the Directors, executives, employees, contractors, consultants and advisors (Designated Persons) are prohibited from dealing in Spectur's Securities.</p> <p>The policy provides that where a Designated Person is entitled to equity-based remuneration arrangements, that Designated Person must not at any time enter into a transaction (e.g. writing a call option) that operates or is intended to operate to limit the economic risk of holdings of unvested Spectur Securities or vested Spectur Securities which are subject to a holding lock.</p> <p>The Securities Trading Policy is available on Spectur's website.</p>

7. RISK FACTORS

7.1 Introduction

Investors wishing to subscribe for Offer Securities should read this Prospectus in its entirety in order to make an informed assessment of the effect of the issue of Offer Securities on Spectur and the rights attaching to Offer Securities.

Investors should carefully consider whether Offer Securities in Spectur are an appropriate investment for them and should appreciate that the price of Spectur's Securities can fall as well as rise.

Offer Securities offered by this Prospectus should be viewed as speculative and, whilst the Directors commend the Offers, investors should be aware of, and take into account, the risk factors involved.

This Section is not intended to be an exhaustive list of the considerations to be taken into account by investors in deciding whether to subscribe for Offer Securities, nor all of the risk factors to which Spectur is exposed. Some of these risks can be mitigated by the use of safeguards and appropriate systems and actions, but many are outside the control of Spectur and cannot be mitigated.

There are risks associated with investing in any form of business and with investing in the share market generally. All investors should consult their professional advisers if they are in any doubt as to any aspect of this Prospectus, the Offers or any other matter relating to an investment in Spectur.

7.2 Company specific risks

The following risks have been identified as being key risks specific to an investment in Spectur. These risks have the potential to have a significant adverse impact on Spectur and may affect Spectur's financial position, prospects and price of its listed Securities.

a. Telecommunications network providers

Spectur's security surveillance cameras transmit data to, and are otherwise controlled by, its IOT Management Platform using third-party telecommunication and internet service providers' networks and infrastructure (e.g. the 3G and 4G mobile telecommunications networks). Disruption or outages in these networks and infrastructure would likely result in Spectur and its clients not being able to access and control the cameras. Whilst these disruptions or outages are outside of Spectur's control, they nonetheless could adversely affect the perception by clients of Spectur's products and systems, which may in turn impact Spectur's reputation, business and financial position.

b. Licensing and regulation

Spectur's business is regulated under the *Security and Related Activities (Control) Act 1996* (WA) in Western Australia and will be regulated by the *Private Security Act 2004* (VIC) in Victoria. Spectur operates pursuant

to relevant security licenses issued to Richard Wilkins in Western Australia and, upon commencing operations in Victoria, will operate pursuant to relevant security licences and registrations in Victoria (refer to Section 2.7 above for further information). As Spectur expands its operations into other States and Territories of Australia, it may need to secure equivalent licenses or regulations in those jurisdictions, including New South Wales when it establishes its proposed Sydney office.

Each of these security licences and registrations is issued subject to specific and general conditions and other requirements which if not complied with may result in penalties and/or other regulatory action being taken, including suspension or cancellation of the licences or registrations. Suspension or cancellation of a security licence or registration would have an adverse effect on Spectur's reputation, operations and financial position.

Further, if Richard Wilkins ceases to be an officer of Spectur (e.g. a director or company secretary of Spectur), Spectur would be restricted from carrying on certain regulated security activities in Western Australia for which Richard is licensed, unless and until Spectur has another employee or officer holding equivalent licenses. This would likely have an adverse effect on Spectur's reputation, operations and financial position. Spectur is mitigating this risk by arranging for additional officers or employees to hold the relevant security licenses.

c. Changes to security or surveillance laws

Security-related businesses in Australia are regulated and are subject to licensing regimes under State and Territory laws. Spectur has structured the security and surveillance activities in its business to comply with existing security laws and regulation.

However, noting the increasing community concerns regarding privacy and surveillance, particularly in relation to the installation of surveillance cameras, changes to the law in this area are possible. Such changes to the existing security laws or the imposition of additional requirements may affect Spectur's business and operations, or may result in increased costs of compliance. This may in turn have an adverse effect on Spectur's business and financial position.

d. Design and development

Spectur's security surveillance products and the IOT Management Platform, whilst advanced in development, are at a relatively early stage of operational and commercial use. There is an inherent risk with any new technology, product or system that development and commercialisation will not progress as planned, may encounter problems or may be subject to delays. Developmental problems or delays may have an adverse effect on Spectur's business and financial position.

7. RISK FACTORS | CONTINUED

e. Competition

The security and surveillance industry is a competitive sector that is reliant upon continual technological advancement, particularly in relation to automation of systems as well as development of new and improved software functions. There are a number of other security and surveillance businesses which have announced development of products, systems and services similar to Spectur's. There is a risk that existing competitors or new entrants to the market may develop superior or more cost-effective products, systems or services which could have an adverse effect on Spectur's ability to continue development and commercialisation of its security surveillance products and the IOT Management Platform, and therefore Spectur's business and financial position.

f. Commercialisation and market risks

Spectur has operated a trading business which has supplied its security surveillance products and systems, in various models/versions, since 2009. While Spectur's product and service offering is in full commercial operation and it has a number of standing contracts to supply the same to its clients, as with all businesses, there cannot be any assurance that its products and services will continue to generate ongoing market interest. Spectur's business and financial success will depend upon its ability to continue commercialising and to expand its products and services, grow its client base and generate revenue. Failure to do so may have an adverse effect on Spectur's business and financial position.

Further, Spectur is seeking to provide services based on historical and existing market trends, as well as to create and develop new markets. There cannot be any assurance of the continued growth in existing markets nor that the new markets which it is seeking to supply will develop as targeted.

g. Reliance on key personnel

Spectur's success depends to a significant extent upon its key management personnel, as well as other employees and technical personnel, including sub-contractors.

Spectur's potentially ground-breaking innovative technological developments have come about through its team of key operational personnel. It has sought to foster a workplace environment which encourages innovation and technical thought-leadership.

The loss of the services of any of Spectur's key personnel could have an adverse effect on it at this early stage of development, particularly as finding an effective replacement may be difficult.

h. Intellectual property registration

Spectur holds one granted innovation patent and has filed provisional patent applications in relation to its proprietary

technology, as set out in the Intellectual Property Report at Section 8.

The patent applications do not give Spectur any currently enforceable rights.

Further, Spectur has not sought to apply for patent protection outside of Australia under the PCT process. Neither the granted patent nor the applications, if granted, will necessarily provide Spectur with enforceable protections in jurisdictions outside of Australia. Spectur has determined that application for registration of patents outside of Australia under the PCT process would not necessarily provide a material benefit at this time, but may review this position having regard to Spectur's further circumstances.

If the patent applications are granted, the resultant patents would, with Spectur's existing patent, constitute a material asset for Spectur. Spectur's ability to commercialise its products and systems successfully is partly dependent upon it obtaining the monopoly rights to exploit the inventions and methods described in the patent and the patent applications.

Spectur anticipates that its patent applications will be granted. However, there cannot be any assurance of this.

Third parties may also object to the grant of Spectur's patent applications on grounds which may include alleged infringement of their patents. Spectur is not aware of any of its technology infringing any third-party's patent. However, Spectur has not undertaken an extensive assessment of existing patents to determine any overlapping technology or potential infringement, as the costs of such would be prohibitive. Accordingly, there is a risk that a third-party may claim that Spectur's technology (including as set out in its patent applications) infringes that third-party's patent.

i. Software development risk

Spectur's security surveillance products and systems (including the IOT Management Platform) contain, and other products and systems developed by Spectur will contain, complicated software programming. Spectur is seeking to advance its programme to develop and launch new and innovative functionality for its products and systems. Its products and systems may therefore contain (now or in the future) software errors or vulnerabilities. Any errors or vulnerabilities discovered could result in (among other consequences) damage to Spectur's brand, loss of clients and liability for damages, any of which could adversely affect Spectur's business and financial position.

j. Security breaches, data loss, theft or corruption

Spectur's security surveillance product and service offering is predominately operated through the use of computer and internet systems. Hacking or exploitation of some unidentified vulnerability in Spectur's network could lead

7. RISK FACTORS | CONTINUED

to loss, theft or corruption of data and negatively affect Spectur's reputation, business and financial position. Accordingly, Spectur has taken significant measures to protect the integrity and security of its systems.

Spectur stores data from clients' security surveillance cameras in a secure cloud-based system. This third-party system adopts advanced security and anti-hacking technologies. Multiple redundant copies of data are spread across several data centres and multiple additional archival copies of long-term data are made to a separate data archive. The cloud service provider for image storage is intended to protect stored data from hacking and reflects industry best practise for prevention of data loss.

The preservation of surveillance footage image sequences by way of cloud-based storage is intended to ensure that catastrophic failure of Spectur's server infrastructure (if any) presents only a temporary interruption of Spectur's business. Spectur's security surveillance cameras themselves are autonomous and designed to continue monitoring, triggering alerts and recording images, even in the event of network disruptions and limited or no internet connectivity.

Further, data from Spectur's security surveillance cameras is encrypted whilst it is being transmitted over the internet. Financial data and surveillance footage image sequences are not stored on Spectur's own servers which is intended to ensure that failure of Spectur's servers will not result in significant data loss to clients. This has the dual advantage of ensuring that, in the event of a breach or failure, the data is not compromised and a replacement server can be brought online quickly without having to restore a large dataset.

Spectur's servers are located in a secure datacentre in Western Australia, and are subject to continuous monitoring via several independent processes. Server administrators are immediately notified of any loss of function of the servers. Spectur also maintains a backup server in an "warm" state. This server can be brought online in a short amount of time.

However, with cyber security threats and attacks (including denial of service attacks which impede a user accessing their computer network) becoming more prevalent and innovative across the world, there remains an inherent risk that Spectur's systems may be breached or that data may be corrupted. If this was to occur, or if its products or systems are subject to cyber-attacks that restrict client access, Spectur's ability to service its clients may be adversely affected notwithstanding the measures outlined above. This may result in its products and systems being perceived as less secure than those of any competitors which could negatively affect Spectur's reputation, business and financial position.

k. Future capital requirements

Existing funds and cash proceeds from the Offers (after the costs of the Offers) are forecast to provide sufficient capital to enable Spectur to implement its Australian growth plans (refer to the Use of Funds table in Section 4.4). Spectur anticipates that its east coast expansion will result in it moving to a cash flow positive position. However, this forecast is dependent upon an increase in the sales of Spectur's products and services as a result of this expansion. If sales do not increase as expected, additional funding may be required for Spectur to continue its operations.

If Spectur decides to pursue additional growth plans to those described in this Prospectus (for example implementing an overseas expansion or targeting growth by acquisitions), Spectur will require sufficient funds in order to do so. These funds may be obtained from Spectur's existing funds, ongoing cash flow or additional equity capital or debt funding.

Any additional equity financing may be dilutive to Shareholders, undertaken at lower prices than the Offer Prices or involve restrictive covenants which may limit Spectur's operations and business strategy.

Although the Directors believe that additional capital can be obtained, there cannot be any assurance that appropriate capital or funding, if and when needed, will be available on terms favourable to Spectur or at all. If Spectur is unable to obtain additional financing as needed, it may be required to reduce, delay or suspend its operations which may have a material adverse effect on Spectur's activities and its ability to continue as a going concern.

l. Liquidity & volatility

Spectur will be a small company in terms of its market capitalisation upon its listing on ASX. Investment in its Securities will be regarded as speculative and Spectur will have a narrow Shareholder base.

As a consequence, there is a risk that, particularly in times of share market turbulence or negative investor sentiment, there will not be a highly liquid market for Spectur's Securities or that the price of Spectur's Securities may decrease considerably. There may be relatively few buyers or sellers of Securities on ASX at any given time and the market price may be highly volatile.

This may result in holders wishing to sell their Securities in Spectur in circumstances where they may receive considerably less than the price paid under an Offer (where applicable).

7. RISK FACTORS | CONTINUED

m. Limited operating history

Spectur has significantly increased the scale of its business operations in recent years. It intends to invest in the commercial development of its security surveillance products and systems (including development of new products and systems) as well as its interstate expansion. Whilst Spectur has generated revenue from its trading operations, the Directors anticipate making losses in the immediate future as a result of its development and expansion programme. The Directors therefore do not consider it is reasonable to evaluate its prospects based on past performance.

While the Directors have confidence in the future revenue-earning potential of Spectur, there cannot be any certainty that Spectur will achieve or sustain profitability or achieve or sustain positive cash flow from its operating activities.

n. Manufacturing

Spectur manufactures its security products in Perth from local and imported parts. Spectur is solely reliant on continual production from its Perth warehouse. Operational difficulties may arise with suppliers, 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 suppliers may lead to delays in the production of critical components. The price of components for Spectur products could also increase reducing the profit 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.

Spectur is in the process of implementing a formal supplier code of conduct and relevant standards and ongoing audit programs to assess compliance. Spectur will consider adding new production capabilities as deemed necessary, as Spectur grows.

7.3 General investment risks

The business activities of Spectur are subject to various general economic and investment risks that may impact on the future performance of Spectur. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of Spectur and cannot be mitigated. There are a number of general economic and investment risk factors that apply to companies generally and may include economic, financial, market or regulatory conditions. These risk factors include, but are not limited to, the following:

a. Future capital requirements

Spectur intends to fund its ongoing business activities from the amounts raised under the Offers and revenue from supply of its goods and services in the ordinary course. However, Spectur's ongoing activities may require further financing in the future for its business activities, in addition to amounts raised pursuant to the Offers, particularly if Spectur expands its activities overseas or undertakes acquisitions. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the Offer Prices or may involve restrictive covenants which limit Spectur's operations and business strategy.

Although the Directors believe that additional capital can be obtained, there cannot be any assurance that appropriate capital or funding, if and when needed, will be available on terms favourable to Spectur or at all. If Spectur is unable to obtain additional financing as needed, it may be required to reduce, delay or suspend its operations which may have a material adverse effect on Spectur's activities and its ability to continue as a going concern.

b. Liquidity & volatility

There is a risk that, particularly in times of security market turbulence or negative investor sentiment, there will not be a highly liquid market for Spectur's Securities or that the price of Spectur's Securities may decrease considerably. There may be relatively few buyers or sellers of Securities on ASX at any given time and the market price may be highly volatile.

This may result in holders wishing to sell their Securities in Spectur in circumstances where they may receive considerably less than the price paid under an Offer (where applicable).

c. General economic conditions

Economic conditions, both domestic and global, may affect the performance of Spectur. Factors such as fluctuations in currencies, commodity prices, inflation, interest rates, supply and demand and industrial disruption may have an impact on operating costs and share market prices. Spectur's future possible revenues and Securities prices can be affected by these factors, all of which are beyond the control of Spectur and its Directors.

d. Equity market conditions

Shares listed on the Securities market, and in particular Securities of small companies at any early stage of commercial development, can experience extreme price and volume fluctuations that are often unrelated to the operating performances of such companies. The market price of Securities may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. These security market

7. RISK FACTORS | CONTINUED

conditions may affect the value of Spectur's quoted Securities regardless of Spectur's operating performance.

General factors that may affect the market price of Securities include economic conditions in both Australia and internationally, investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

e. General changes in government policy & legislation

Any material adverse changes in relevant government policies or legislation of Australia or internationally may affect the viability and profitability of Spectur, and consequent returns to investors.

f. Investment risk

The Offer Securities offered pursuant to this Prospectus should be considered speculative due to the nature of Spectur's business. There cannot be any assurance as to payment of dividends, return of capital or the market value of Offer Securities. In particular, the price at which an investor may be able to trade Offer Securities may be above or below the price paid for those Offer Securities.

Prospective investors must make their own assessment of the likely risks and determine whether an investment in Spectur is appropriate having regard to their own particular circumstances.

g. Insurance

Spectur intends to adequately insure its operations in accordance with industry practice. However, in certain circumstances, Spectur's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or only partially covered by insurance could have a material adverse effect on the business, financial condition and results of Spectur.

h. Other

Other risk factors include those normally found in conducting business, including litigation resulting from the breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel, non-insurable risks, delay in resumption of activities after reinstatement following the occurrence of an insurable risk and other matters that may interfere with the business or trade of Spectur.



Photo: A Spectur HD4 security camera system in operation.

The Board of Directors
Spectur Limited
Unit 10, 14 Merino Entrance
Cockburn Central
WA 6176
Australia

14 June 2017

Dear Directors,

Re: Intellectual Property Report – Spectur Limited

1. Introduction and report Summary

This report has been prepared at the request of the Directors of Spectur Limited (hereinafter “Spectur”), a public company registered in Australia (ACN 140 151 579), for inclusion in a Prospectus required for lodgement at the Australian Securities and Investments Commission for the purpose of raising funds through the issue of securities. Spectur was formerly named uWatchIt Pty Ltd and Spectur Pty Ltd.

Patenteur is engaged by Spectur for professional patent and trade mark services. Patenteur has been, and will continue to be, involved in the preparation, filing, prosecution and maintenance of the patent and trade mark applications in section 3. The status summary of the patents and trade marks (both registered and pending) provided in this report is correct to the best of our knowledge after conducting reasonable due diligence and research, as at the date of this report.

Section 2 provides general information on Intellectual Property (hereinafter “IP”).

Section 3 provides an overview of Spectur’s IP Portfolio.

Section 4 addresses Proprietorship of the IP portfolio.

Section 5 outlines the Qualifications and Limitations of this report.

Section 6 presents our Statement of Independence.

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2. Intellectual Property

2.1 Meaning of Intellectual Property

Generally, “intellectual property” refers to a group of registrable and non-registrable rights, including rights in patents, designs, trade marks, plant varieties, copyright, confidential information and trade secrets. Intellectual property has many of the characteristics possessed by real and personal property. In particular, intellectual property is an asset, which may be bought, sold, licensed, exchanged, or otherwise transferred as other forms of property. Accordingly, an intellectual property owner has the right to prevent the unauthorised use, manufacture, import, or sale of its property.

Patents are a form of intellectual property which protect new and non-obvious inventions, such as new products or processes, and are granted in exchange for the inventor’s full disclosure of the invention to the public. Trade marks are used to distinguish good or services of one trader from another and can include words, logos, colours, sounds and smells. This report is primarily concerned with patents, patent applications, registered trade marks and applications for the registration of trade marks which are the property of Spectur.

This section is meant to provide only a high level summary of some of the IP systems and should not be interpreted as providing an exhaustive description of law or of related risks regarding these IP systems.

2.2 Patents

Patent rights constitute an important component of intellectual property and provide protection for new, inventive (or innovative, in the case of Australian innovation patents), and useful inventions for a limited period. Patents may be granted in respect of new or improved product, compositions, and processes in most areas of current scientific, commercial, and industrial activities. The requirements for patent-eligible subject matter differ from jurisdiction to jurisdiction and may also change over time. We have not formed an opinion on whether the subject matter of the currently pending Australian provisional patent applications constitutes patent-eligible subject matter on a jurisdiction-by-jurisdiction basis.

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Pursuant to the Paris Convention for the Protection of Industrial Property, the filing of an initial patent application in, for example, Australia establishes a priority date for the invention in Australia and all other countries that are a party to this Convention, including countries such as the United States, Canada, New Zealand, Europe and Japan. The usual steps towards obtaining a patent in Australia and other countries in respect of an invention begins by filing a provisional patent application. The filing of a provisional patent application establishes the priority in respect of the invention disclosed in the specification accompanying the provisional patent application. A provisional patent does not grant any enforceable monopoly right in relation to the invention to which it refers.

Within twelve months from the date of the filing of the provisional patent application, a complete application must be lodged, failing which the provisional patent application, which remains pending for only twelve months, ceases to exist, along with the priority date set thereby. Thus if no application is filed within one year of the provisional patent application, the priority date is no longer valid. Within the one year pendency of the provisional application, to obtain protection other countries the applicant may file separate national patent application in each of the countries in which protection is require. Alternatively, the applicant may file a single international application in terms of the provisions of the Patent Cooperation Treaty (generally referred to as a “PCT” application or an “International” application) in which it is possible to designate countries or regions in which protection is required. The International application itself does not mature into a worldwide patent, but at the end of the international phase, steps may be taken to file the application into any of the countries or regions designated in the original International application.

Regional patent applications, such as a European regional application, may also be filed. A European application may designate any or all countries that are a party to the European Patent Convention. The European patent application is processed centrally and in a single language and, if ultimately successful, can mature into a granted European patent, which must then be validated in each country in which protection is sought, some of which require translation into that country’s native language.

Usually before patents are granted in any jurisdictions, the patents are examined by the national or regional Patent Office for novelty and an inventive step. The degree of examination varies from country to country and in some jurisdictions can merely be an examination for the formality of the paper work. In other jurisdictions examination is much more rigorous and, subject to that examination, a patent may or may not be granted in respect of an invention.

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In Australia and most other countries, patent rights may be kept in force for a period of twenty years from the date of the filing of the complete application on which the patent is granted, and while the patent is in force the owner has the exclusive right to stop others from exploiting the invention. After a patent has been granted, renewal or maintenance fees may need to be paid, otherwise the patent will cease or expire.

Enforcement of patent rights varies from country-to-country. The remedies for unauthorised use (patent infringement) available to the patent owner may include an injunction, which effectively stops further infringement of the patent, damages or account of profits, and costs. The cost of patent enforcement varies significantly from country-to-country in addition to the calculation for damages and the basis for determining whether to grant an injunction. Infringement proceedings cannot be initiated on the basis of a pending application.

2.3 Trade marks

Trade marks are used to distinguish goods and/or services of one trader from another and can include words, logos, colours, sounds, shapes and scents. Trade marks can be registered. They may also be used without registration. The main advantage of obtaining protection through registration is that this simplifies enforcement. In Australia and some other jurisdictions registration of a trade mark also provides a defence in an infringement proceeding against the trade mark owner. Like patents, trade marks are national rights. If protection is to be sought in a particular jurisdiction, an application for registration of the trade mark must be made in that jurisdiction. Most countries in the world have trade mark systems and usually a registered trade mark in one country provides rights only in the country in which the trade mark is registered. The registration process involves filing an application which specifies the trade mark, the owner and the goods and services in relation to which registration of the trade mark is sought. The goods and services are organised according to “classes” as specified under the Nice Classification System.

In most countries, after the application is filed, examination is conducted to determine, primarily: 1) if any other same or similar trade marks for the same or similar goods and/or services have an earlier priority date; and 2) if the trade mark sufficiently distinctive. Once examination is completed and the trade mark registered, it can be renewed indefinitely. In most countries, the registration period is 10 years. To validly file an application for registration the trade mark owner must be using the trade mark, have a genuine intention to use the trade mark or to authorise use of the trade mark to third parties. Furthermore, the ongoing registrability of the trade mark is dependent on continuous use of the trade

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mark. If the trade mark is not used, the registration may be removed for non-use. As mentioned, to obtain trade mark registrations in different countries, individual trade mark registrations need to be obtained in each country.

Unlike patents, there is no requirement to file applications for registration by a particular deadline. Trade mark applications may be filed at any time. However, priority may be claimed from the earliest trade mark application for a period of 6 months from the date of filing that application. A notable exception to the rule of having to obtain separate trade mark registrations in individual countries is the European Community Trade Mark (“CTM”). A European Community Trade Mark registration covers all of the member states of the European Union, including the UK, France, Germany, Italy and Spain.

An alternative approach to obtaining trade mark protection in several jurisdictions is to file an International application under the Madrid Protocol. An International application must be based on one or more national applications or registrations, referred to as the “basic registration(s)” or the “basic application(s)”. For Australian entities this would usually be an Australian trade mark application or registration. The International application must designate one or more of the countries that are signatories of the Madrid Protocol. It is possible to add further designated countries to the International application after it has been filed. The goods and/or services covered by the International application may be more restricted but may not be broader than those covered by the basic application or basic registration. The International application, once filed, will be treated as a national application in each country and will be examined separately by the respective Trade Marks Office of each designated country. Objections may be therefore raised in one or more designated countries, including on the grounds of prior similar trade marks or that the trade mark is descriptive.

2.4 Confidential Information / Trade Secrets

Confidential information can be any information of an entity that is secret and not publically known. For a business, confidential information can include business plans, customer lists, supply chain details and financial records as well as technical information relating to the business’ products and processes such as software, databases, design specifications, formulae and know-how. Confidential information is not registrable. A critical aspect to maintaining the value in confidential information is taking steps to keep the relevant information confidential. This may be done by entering confidentiality/non-disclosure agreements as well as taking other practical steps to prevent disclosure of confidential information

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2.5 Copyright

Copyright protection is automatic and arises when a literary, dramatic, artistic or musical work is created. Significantly, for Spectur, works protectable by copyright can include software code, technical specifications, operating manuals, and website. Copyright can also protect other media including sound recordings, films and radio and television broadcasts. Copyright protection entitles the copyright owner to a bundle of exclusive rights depending on the type of work in question. They include the right to reproduce the work in a material form, to publish the work, to communicate the work to the public and to make an adaption of the work. Moral rights prevent others from falsely attributing or acknowledging another as the creator of a copyright work or defacing such a work.

3. The Spectur IP Portfolio

Before Spectur became a public company, it operated as proprietary company uWatchIt Pty Ltd and subsequently Spectur Pty Ltd. Some of the company’s registered IP rights are still in the name of uWatchIt Pty Ltd or Spectur Pty Ltd; however, updating this information at each of the patent and trademark offices is a matter of formality.

3.1 Patent Portfolio

Spectur owns the following patents and patent applications, all generally in the field of security monitoring technology:

- (i) Australian Patent No. AU2014100095.

Australian Patent No. AU2014100095 is an innovation patent titled “A monitoring method and system” which was lodged on 3 February 2014, granted 13 March 2014, and is currently in force until 3 February 2022. The Applicant is uWatchIt Pty Ltd and the patent lists Charles Richard Wallace Wilkins, Nicholas Le Marshall and Gary Sargeant as co-inventors. This patent broadly covers a camera monitoring system with the capability of monitoring an area of interest and automatically detecting changes between successive images, as well as to perform an action on an instance of such change, typically on a mobile device.

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(ii) Australian Patent Application No. 2017900785.

Australian Patent Application No. 2017900785 is a provisional application titled “Remote security camera bandwidth optimisation” which was filed on 7 March 2017 and is due for completion by 7 March 2018. The Applicant is uWatchIt Pty Ltd and the application lists Charles Richard Wilkins and Peter William Holton as co-inventors. This patent application broadly relates to a security camera configured to enable selective transmission of compressed and/or uncompressed image data during security monitoring, which vastly improves network bandwidth usage without compromising on HD security monitoring capabilities.

(iii) Australian Patent Application No. 2017900897.

Australian Patent Application No. 2017900897 is a provisional application titled “Security camera system and method” which was filed on 14 March 2017 and is due for completion by 14 March 2018. The Applicant is uWatchIt Pty Ltd and the application lists Charles Richard Wilkins and Peter William Holton as co-inventors. This patent application broadly relates to a security camera system including a master unit and slave unit(s). The system is configured for intelligent bandwidth reduction whilst maintaining image and detection integrity.

3.2 Trade Mark Portfolio

Spectur owns the following trade marks and trade mark applications:



Mark:

Goods/Services: Class 9: Software; application software; software for use in relation to surveillance; software for use on mobile devices; software for use on mobile devices in relation to surveillance; firmware; electrical apparatus for security purposes (other than for vehicles); firmware for electrical apparatus for security purposes (other than vehicles); electric security apparatus for buildings; security surveillance apparatus; video surveillance cameras; surveillance camera

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apparatus; surveillance camera installations; surveillance camera instruments
Class 37: Installation of security systems; installation of surveillance camera systems

Jurisdiction & No: Australia - 1436186
Owner: Spectur Pty Ltd
Status: Registered/Protected
Registered from: 12 July 2011
Renewal due: 12 July 2021

Mark: SPECTUR
Goods/Services: Class 9: Software; application software; software for use in relation to surveillance; software for use on mobile devices; software for use on mobile devices in relation to surveillance; firmware; electrical apparatus for security purposes (other than for vehicles); firmware for electrical apparatus for security purposes (other than vehicles); electric security apparatus for buildings; security surveillance apparatus; video surveillance cameras; surveillance camera apparatus; surveillance camera installations; surveillance camera instruments
Class 37: Installation of security systems; installation of surveillance camera systems

Jurisdiction & No: Australia - 1436185
Owner: Spectur Pty Ltd
Status: Registered/Protected
Registered from: 12 July 2011
Renewal due: 12 July 2021

Mark: THE SECURITY REVOLUTION
Goods/Services: Class 9: Software; application software; software for use in relation to surveillance; software for use on mobile devices; software for use on mobile devices in relation to surveillance; firmware; electrical apparatus for security purposes (other than for vehicles); firmware for electrical apparatus for security purposes (other than vehicles); electric security apparatus for buildings; security surveillance apparatus; video surveillance cameras; surveillance camera apparatus; surveillance camera installations; surveillance camera instruments

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Class 37: Installation of security systems; installation of surveillance camera systems

Jurisdiction & No: Australia - 1834676

Owner: Spectur Pty Ltd

Status: Pending – Accepted, awaiting advertisement

Lodged on: 28 March 2017



Mark:

Goods/Services: Class 9: Software; application software; software for use in relation to surveillance; software for use on mobile devices; software for use on mobile devices in relation to surveillance; firmware; electrical apparatus for security purposes (other than for vehicles); firmware for electrical apparatus for security purposes (other than vehicles); electric security apparatus for buildings; security surveillance apparatus; video surveillance cameras; surveillance camera apparatus; surveillance camera installations; surveillance camera instruments

Class 37: Installation of security systems; installation of surveillance camera systems

Jurisdiction & No: Australia - 1834675

Owner: Spectur Pty Ltd

Status: Pending – Accepted, awaiting advertisement

Lodged on: 28 March 2017

3.3 Spectur Confidential Information / Trade Secrets

A significant aspect of Spectur’s IP resides in its confidential information and copyright relating in particular to its security methodologies and software. Spectur has undertaken considerable development activity, which has given rise to a pool of knowledge, some of which provides a basis for formalised protection (such as patents) and some of which is retained confidentially for internal use to aid subsequent development activities (such as trade secrets). Notwithstanding the foregoing listed patents and patent applications,

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Spectur has also identified a number of confidential information innovations for consideration for formal patent applications in the future. We understand from Spectur that it takes steps to protect and maintain the confidentiality of this material, including the use of contractual confidentiality obligations.

We have not reviewed the standard employment contracts, in particular the clauses that relate to IP, that Spectur uses for its employees to determine if employees are required to maintain confidentiality of Spectur’s confidential information, both during and subsequent to their employment. In general, by signing such suitable employment contracts, employees acknowledge Spectur’s ownership of any IP that the employee may create in the course of the employee’s employment and assigns that IP to Spectur. Further, though subject to certain qualifications, IP developed by an employee in the course of his or her employment is generally the property of the employer.

4. Proprietorship

A patent for an invention may only be granted to the inventor(s) or to a person who has entitlement to the invention by way of assignment, employment contract or other means. In the preparation of this report, we have not assessed the validity of entitlement to the patents and patent applications. Although we have not assessed the validity of the inventorship status or undertaken detailed review of assignment documents, based on the information provided to us to prepare this report, we are not aware of issues that may invalidate Spectur’s claim to ownership, or invalidate the inventorship status, of the patent application.

5. Qualifications and Limitations of Report

In most countries, a patent application is subjected to examination for novelty and obviousness (and other grounds) before a patent is granted. There can be no assurance that the Spectur patent applications will result in the grant of a patent, or that the scope of protection provided by any granted patent will be identical to the scope of the application as original filed or that the granted patent will effectively block competition. The scope of protection provided by a granted patent in one jurisdiction may differ from that provided by a granted patent in another jurisdiction, due to difference in examination between counties and regions and scope of available protection.

PATENTEUR

A patentability search, such as international searches carried out by various patent offices under the PCT procedure, cannot be guaranteed to locate all prior art that may exist which is potentially relevant to the assessment of novelty and an inventive step of a claimed invention. Such searches are generally computer-based searches and are dependent on the database search strategy and the coverage provided by the databases used. Further, all patentability searches are subject to the accuracy of records, as well as the indexing and classification of the subject matter comprising the records. The scope of each search is also dependent on the search strategy utilised and, for example, the keyword(s) selected for the search.

The grant of a patent does not guarantee validity of that patent since it may be revoked by a court on the grounds of invalidity at any time during its life. If none of the claims of a granted patent are valid, then the patent is unenforceable. For example, relevant prior disclosure may be discovered that were not raised during examination, which may limit the scope of patent protection sought, perhaps to a very narrow field. In the preparation of this report, we have not assessed the validity of the patent applications nor the likelihood that the patent application will grant with commercially effective patent claims.

It should also be noted that the granting of a patent does not guarantee that the patentee has freedom to operate the invention claimed in the patent. It may be that working of a patented invention is prevented by the existence of another pre-existing patent. In the preparation of this report, we have not assessed whether or not the commercialisation of the Spectur technology embodied by the patents and patent applications listed above will infringe third party patent rights.

The searches conducted for this report and the results of which are in part relied upon in this report, have been substantially computer based and as such, would have been limited in terms of the time periods and the geographical areas covered. In preparing this report, in addition to reviewing our internal databases, we have relied upon information contained in relevant publicly available databases. We have not independently verified the information in such databases, and we are not responsible for the accuracy of that information.

PATENTEUR

6. Statement of Independence

Patenteur is an Australian patent and trade mark attorney practice, proudly representing a number of Australian and international businesses. Neither Patenteur nor any of its Directors has any entitlement to any securities in Spectur, or has any other interest in the promotion of Spectur. Furthermore, the payment of fees to Patenteur for the preparation of this report is not contingent upon the outcome of the Prospectus.

We have given and, at the date of this report have not revoked, our consent to the issue of the Prospectus by Spectur with this report appearing therein in the form which it now appears.

Yours sincerely

PATENTEUR



Neal Schutte

Director

neal@patenteur.com



16 June 2017

The Board of Directors
Spectur Limited
Unit 10,
14 Merino Entrance
COCKBURN CENTRAL WA 6164

Dear Sirs

INVESTIGATING ACCOUNTANT’S REPORT - SPECTUR LIMITED

INTRODUCTION

This Investigating Accountant’s Report (“Report”) has been prepared for inclusion in a prospectus to be dated on or about 16 June 2017 (“Prospectus”) by Spectur Limited (“Spectur” or “the Company”) in relation to the Company’s proposed listing on the Australian Securities Exchange (“ASX”), comprising an offer of 21,250,000 fully paid ordinary shares at an issue price of \$0.20 per share to raise \$4,250,000 (before costs) with capacity to accept oversubscriptions for an additional 1,250,000 fully paid ordinary shares to raise a further \$250,000 (before costs), and an offer of up to 5,500,000 options (exercisable at \$0.20 each on or before 31 December 2020) at \$0.01 per option to raise up to \$55,000 (before costs) (collectively “Capital Raising” or “Offers”). The Company intends to raise a minimum of \$4,250,000 and a maximum of \$4,555,000 under the Offers.

This Report has been included in the Prospectus to assist potential investors and their financial advisers to make an assessment of the financial position and performance of the Company.

All amounts are expressed in Australian dollars and expressions defined in the Prospectus have the same meaning in this Report.

This Report does not address the rights attaching to the shares to be issued in accordance with the Offers, nor the risks associated with accepting the Offers. HLB Mann Judd (“HLB”) has not been requested to consider the prospects for the Company, nor the merits and risks associated with becoming a shareholder, and accordingly has not done so, nor purports to do so.

HLB has not made and will not make any recommendation, through the issue of this Report, to potential investors of the Company, as to the merits of the Offers and takes no responsibility for any matter or omission in the Prospectus other than the responsibility for this Report. Past performance is not a guide to future performance.

Further declarations are set out in Section 6 of this Report.

STRUCTURE OF REPORT

This Report has been divided into the following sections:

- 1. Background information;
- 2. Scope of Report;
- 3. Financial information;
- 4. Subsequent events;
- 5. Statements; and
- 6. Declaration.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 WA. Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hib@hibwa.com.au. Website: www.hlb.com.au
Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (WA Partnership) is a member of HLB International, a world-wide organisation of accounting firms and business advisers

1. BACKGROUND INFORMATION

The Company was registered on 22 October 2009 as Uwatchit Pty Ltd. The Company changed its name to Spectur Pty Ltd on 15 February 2017 and converted to a public company on 22 March 2017.

Spectur has developed a ground-breaking solution for securing and managing commercial and industrial sites that do not have access to electrical power, through the use of its proprietary security camera products in conjunction with its powerful cloud-based management systems.

Further details are outlined in Section 2 of the Prospectus.

The proforma financial information presented in this Report is the historical financial information of the Company for the period ended 31 December 2016, assuming that the proposed transactions set out in Section 3(b) of this Report had been completed as at that date.

The proforma financial information has been prepared using a balance date of 31 December 2016 corresponding to the most recently available published financial information.

For completeness, extracts of audited historical financial information for the years ended 30 June 2015 and 30 June 2016 of Spectur are set out in Appendix 2.

The intended use of the funds raised by the issue of shares and options under the Prospectus is specified in Section 4.4 of the Prospectus.

2. SCOPE OF REPORT

You have requested HLB to prepare this Report presenting the following information:

- a) the historical financial information of the Company comprising the historical Statement of Financial Position as at 31 December 2016 and the historical Statement of Comprehensive Income, historical Statement of Cash Flows and historical Statement of Changes in Equity for the period to 31 December 2016 as set out in Appendix 1 to this Report; and
- b) the proforma financial information of the Company comprising the proforma Statement of Financial Position as at 31 December 2016 and the proforma Statement of Comprehensive Income, proforma Statement of Cash Flows and proforma Statement of Changes in Equity for the period to 31 December 2016 as set out in Appendix 1 to this Report.

The Directors have prepared and are responsible for the historical and proforma information. We disclaim any responsibility for any reliance on this Report or on the financial information to which it relates for any purposes other than that for which it was prepared. This Report should be read in conjunction with the full Prospectus.

The historical financial information and the proforma financial information are presented in an abbreviated form insofar as they do not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports.

The historical financial information as set out in Appendix 1 has been extracted from the audited financial statements of the Company for the half-year ended 31 December 2016, which was subject to HLB’s audit in accordance with Australian Auditing Standards.

The audited financial report for the period ended 31 December 2016 was issued on 7 June 2017 and contained a qualified audit opinion, due to an inability to obtain sufficient appropriate audit evidence around inventory valuations and on comparative information.

The historical financial information as set out in Appendix 2 has been extracted from the audited financial statements of the Company for the years ended 30 June 2016 and 30 June 2015, which was subject to HLB's audit in accordance with Australian Auditing Standards.

The audited financial reports for the years ended 30 June 2016 and 30 June 2015 were issued on 7 June 2017. The 2015 Auditor's report contained a disclaimer of opinion due to the 2014 financial year not being audited. The 2015 and 2016 Auditor's reports contained an emphasis of matter in relation to going concern.

We performed a review of the historical and proforma financial information of the Company as at 31 December 2016 in order to ensure consistency in the application of applicable Accounting Standards and other mandatory professional reporting requirements in Australia.

Our review of the historical and proforma financial information of the Company was conducted in accordance with Australian Auditing Standards applicable to assurance engagements. Specifically, our review was carried out in accordance with Auditing Standard on Assurance Engagements ASRE 3450 "Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information" and included such enquiries and procedures which we considered necessary for the purposes of this Report.

The review procedures undertaken by HLB in our role as Investigating Accountant were substantially less in scope than that of an audit examination conducted in accordance with generally accepted auditing standards. Our review was limited primarily to an examination of the historical financial information and proforma financial information, analytical review procedures and discussions with senior management. A review of this nature provides less assurance than an audit and, accordingly, this Report does not express an audit opinion on the historical information or proforma information included in this Report or elsewhere in the Prospectus.

In relation to the information presented in this Report:

- a) support by another person, corporation or an unrelated entity has not been assumed;
- b) the amounts shown in respect of assets do not purport to be the amounts that would have been realised if the assets were sold at the date of this Report; and
- c) the going concern basis of accounting has been adopted.

3. FINANCIAL INFORMATION

Set out in Appendix 1 (attached) are:

- a) the audited historical financial information of the Company comprising the historical Statement of Financial Position as at 31 December 2016 and the historical Statement of Comprehensive Income, historical Statement of Cash Flows and historical Statement of Changes in Equity for the period to 31 December 2016; and
- b) the proforma Statement of Financial Position of the Company as at 31 December 2016 and the proforma Statement of Comprehensive Income, proforma Statement of Cash Flows and proforma Statement of Changes in Equity of the Company for the period to 31 December 2016 as they would appear after incorporating the following significant events and proposed transactions by the Company subsequent to 31 December 2016:
 - i) the buy back by the Company, post 31 December 2016 of 1,900,000 partly paid ordinary shares for \$19,000 and the issue of 19,000 fully paid ordinary shares for the same value;
 - ii) the cancellation, post 31 December 2016 of 200,000 options exercisable at \$1.00 on or before 30 March 2019 and 50,000 options exercisable at \$1.50 on or before 30 June 2019;

- iii) the issue, post 31 December 2016 of 700,000 options exercisable at \$0.20 on or before 31 December 2020 at an accounting value of \$7,000, as replacement options for those cancelled at ii) above;
- iv) the subdivision of share capital on a 10 for 1 basis for shareholders on record as at 27 January 2017;
- v) the issue, post 31 December 2016 of 20,000,000 performance rights to the then Managing director and a proposed director;
- vi) the issue, post 31 December 2016 of 4,000,000 options exercisable at \$0.20 on or before 31 December 2020 at \$0.005 raising \$20,000;
- vii) the issue, post 31 December 2016 of 2,500,000 ordinary fully paid shares at \$0.10 raising \$250,000 less costs of \$15,000, noting that \$168,000 was received prior to 31 December 2016;
- viii) the issue, post 31 December 2016 of 3,323,750 ordinary fully paid shares at \$0.16 raising \$531,800 less costs of \$31,908;
- ix) the issue, post 31 December 2016 of an additional 500,000 ordinary fully paid shares at \$0.16 raising \$80,000 less costs of \$4,800;
- x) the issue, post 31 December 2016 of 2,000,000 options exercisable at \$0.20 on or before 31 December 2020 at \$0.005 raising \$10,000;
- xi) the issue, post 31 December 2016 of 2,150,000 options for nil consideration exercisable at \$0.20 on or before 31 December 2020 at an accounting value of \$21,500;
- xii) the issue by the Company, 1,000,000 performance rights and 1,000,000 ordinary fully paid shares to the Lead Manager or nominee, written off against share capital as costs of the issue;
- xiii) the receipt, post 31 December 2016 by the Company of additional sales of \$558,300, of which \$55,000 is considered unearned as at the date of this Report;
- xiv) the payment by the Company of loans payable of \$13,480, trade and other payables of \$160,925 and the subsequent expenditure of approximately \$1,106,307 written off to profit and loss post 31 December 2016;
- xv) the issue of up to 5,500,000 options pursuant to this Prospectus (exercisable at \$0.20 on or before 31 December 2020) at \$0.01 each raising \$55,000 less costs of \$3,300. This offer of options does not have a minimum subscription requirement, therefore we have included the capital raising from this offer as part of our "Maximum" disclosures in this Report;
- xvi) the issue by the Company pursuant to this Prospectus of up to 22,500,000 ordinary fully paid shares issued at \$0.20 each raising \$4,500,000 before the expenses of the Offer;
- xvii) the write off against issued capital of the estimated cash expenses of the Offers as outlined in Section 12.4 of the Prospectus of \$500,000; and

This information is also shown at a minimum capital raising of \$4,250,000. Under this scenario the costs of the Offers fall by \$19,550 to \$480,450.

- c) Notes to the historical financial information and proforma financial information.

Set out in Appendix 2 (attached) are:

- a) the audited historical financial information of the Company comprising the historical Statement of Financial Position as at 30 June 2016 and the historical Statement of Comprehensive Income, historical Statement of Cash Flows and historical Statement of Changes in Equity for the year ended 30 June 2016; and
- b) the audited historical financial information of the Company comprising the historical Statement of Financial Position as at 30 June 2015 and the historical Statement of Comprehensive Income, historical Statement of Cash Flows and historical Statement of Changes in Equity for the year ended 30 June 2015.

4. SUBSEQUENT EVENTS

There have been no material items, transactions or events subsequent to 31 December 2016 not otherwise disclosed in the Prospectus or this Report which have come to our attention during the course of our review that would require comment in, or adjustment to, the content of this Report or which would cause such information included in this Report to be misleading.

5. STATEMENTS

Based on our review, which was not an audit, we have not become aware of any matter that causes us to believe that:

- a) the historical financial information of the Company as at 31 December 2016 as set out in Appendix 1 of this Report, does not present fairly the financial position of the Company as at that date in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory reporting requirements in Australia, and its performance as represented by its results of its operations and its cash flows for the period then ended;
- b) the proforma financial information of the Company as at 31 December 2016 as set out in Appendix 1 of this Report, does not present fairly the financial position of the Company as at that date in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory reporting requirements in Australia, and its performance as represented by its results of its operations and its cash flows for the period then ended, as if the transactions referred to in Section 3(b) of this Report had occurred during that period; and
- c) the assumptions and applicable criteria used in the preparation of the proforma financial information do not provide a reasonable basis for presenting the significant effects directly attributable to the Offers and do not reflect proper application of those adjustments to the unadjusted financial information.

6. DECLARATION

- a) HLB will be paid its usual professional fees based on time involvement, for the preparation of this Report and review of the financial information, at our normal professional rates.
- b) Apart from the aforementioned fee, neither HLB, nor any of its associates will receive any other benefits, either directly or indirectly, for or in connection with the preparation of this Report.
- c) Neither HLB, nor any of its employees or associated persons has any interest in the Company or the promotion of the Company. HLB has acted as the Company's auditors since its appointment on 29 March 2017. In HLB's capacity as auditor, HLB has audited the Company's annual financial report for the years ended 30 June 2015 and 30 June 2016, as well as the six months ended 31 December 2016.
- d) Unless specifically referred to in this Report, or elsewhere in the Prospectus, HLB was not involved in the preparation of any other part of the Prospectus and did not cause the issue of any other part of the Prospectus.

Accordingly, HLB makes no representations or warranties as to the completeness or accuracy of the information contained in any other part of the Prospectus.

- e) HLB has consented to the inclusion of this Report in the Prospectus in the form and context in which it appears.

Yours faithfully
HLB MANN JUDD



N G NEILL
Partner

9. INVESTIGATING ACCOUNTANT'S REPORT | CONTINUED

Investigating Accountant's Report – Appendix 1

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APPENDIX 1

SPECTUR LIMITED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Notes	Audited Historical	Subsequent Events	Proforma Adjustments (Minimum)	Reviewed Proforma (Minimum)	Proforma Adjustments (Maximum)	Reviewed Proforma (Maximum)
CURRENT ASSETS		\$	\$	\$	\$	\$	\$
Cash and cash equivalents	2	168,050	88,275	3,769,550	4,205,875	285,450	4,311,325
Trade and other receivables		181,569	-	-	181,569	-	181,569
Inventory		84,032	-	-	84,032	-	84,032
TOTAL CURRENT ASSETS		433,651	88,275	3,769,550	4,291,476	285,450	4,576,926
NON-CURRENT ASSETS							
Property, plant & equipment		53,640	-	-	53,640	-	53,640
Intangibles		3,190	-	-	3,190	-	3,190
TOTAL NON-CURRENT ASSETS		56,830	-	-	56,830	-	56,830
TOTAL ASSETS		490,481	88,275	3,769,550	4,348,306	285,450	4,633,756
CURRENT LIABILITIES							
Trade and other payables		461,342	(273,925)	-	187,417	-	187,417
Loans payable		13,480	(13,480)	-	-	-	-
TOTAL CURRENT LIABILITIES		474,822	(287,405)	-	187,417	-	187,417
TOTAL LIABILITIES		474,822	(287,405)	-	187,417	-	187,417
NET ASSETS		15,659	375,680	3,769,550	4,160,889	285,450	4,446,339
EQUITY							
Issued capital	3	1,128,000	810,092	3,769,550	5,707,642	233,750	5,941,392
Option reserve		-	58,500	-	58,500	51,700	110,200
Accumulated losses		(1,112,341)	(492,912)	-	(1,605,253)	-	(1,605,253)
TOTAL EQUITY		15,659	375,680	3,769,550	4,160,889	285,450	4,446,339

The above should be read in conjunction with the accompanying notes.

9. INVESTIGATING ACCOUNTANT'S REPORT | CONTINUED

Investigating Accountant's Report – Appendix 1

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SPECTUR LIMITED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR TO 31 DECEMBER 2016

	Audited Historical	Subsequent Events	Proforma Adjustments	Reviewed Proforma
	\$	\$	\$	\$
Revenue	778,133	503,300	-	1,281,433
Cost of sales	(288,209)	(255,692)	-	(543,901)
Gross Profit	489,924	247,608	-	737,532
Research & development costs	(255,395)	(269,000)	-	(524,395)
General and administrative expenses	(64,013)	(197,120)	-	(261,133)
Employee benefits expense	(153,052)	(167,400)	-	(320,452)
Marketing and advertising	(22,032)	(58,100)	-	(80,132)
Rental expenses	(18,901)	(20,400)	-	(39,301)
Depreciation and amortisation	(9,169)	-	-	(9,169)
Share based payments	-	(28,500)	-	(28,500)
Interest expenses	(1,954)	-	-	(1,954)
Loss from ordinary activities before tax	(34,592)	(492,912)	-	(527,504)
Income tax benefit	-	-	-	-
Loss from ordinary activities after tax	(34,592)	(492,912)	-	(527,504)
Other comprehensive income net of tax	-	-	-	-
Total comprehensive loss for the period	(34,592)	(492,912)	-	(527,504)

The above should be read in conjunction with the accompanying notes.

Investigating Accountant’s Report – Appendix 1

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SPECTUR LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR TO 31 DECEMBER 2016

REVIEWED HISTORICAL	Issued capital \$	Option reserve \$	Accumulated losses \$	Total Equity \$
As at 1 July 2016	1,128,000	-	(1,077,749)	50,251
Loss for the period	-	-	(34,592)	(34,592)
Equity issued (net of costs)	-	-	-	-
As at 31 December 2016	1,128,000	-	(1,112,341)	15,659
Subsequent events				
Equity issued (net of costs)	810,092	58,500	-	868,592
Loss for the period	-	-	(492,912)	(492,912)
REVIEWED PROFORMA				
Shares issued pursuant to Prospectus	4,250,000	-	-	4,250,000
Shares issued to lead manager	200,000	-	-	200,000
Share issue costs (cash and non-cash)	(680,450)	-	-	(680,450)
Proforma total – 31 December 2016 (Minimum)	5,707,642	58,500	(1,605,253)	4,160,889
Additional Shares and options issued pursuant to	250,000	55,000	-	305,000
Additional share issue costs	(16,250)	(3,300)	-	(19,550)
Proforma total – 31 December 2016 (Maximum)	5,941,392	110,200	(1,605,253)	4,446,339

The above should be read in conjunction with the accompanying notes.

Investigating Accountant’s Report – Appendix 1

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SPECTUR LIMITED
STATEMENT OF CASH FLOWS
FOR THE HALF YEAR TO 31 DECEMBER 2016

	Audited Historical \$	Subsequent Events \$	Proforma Adjustments (Minimum) \$	Reviewed Proforma (Minimum) \$	Proforma Adjustments (Maximum) \$	Reviewed Proforma (Maximum) \$
Cash flows from operating activities						
Receipts from customers	666,199	558,300	-	1,224,499	-	1,224,499
Payments to suppliers & employees	(814,965)	(1,106,307)	-	(1,921,272)	-	(1,921,272)
Interest Paid	(1,954)	-	-	(1,954)	-	(1,954)
Income tax benefit received	153,772	-	-	153,772	-	153,772
Net cash provided by / (used in) operating activities	3,052	(548,007)	-	(544,955)	-	(544,955)
Cash flows from investing activities						
Payments for plant and equipment	(23,007)	-	-	(23,007)	-	(23,007)
Net cash used in investing activities	(23,007)	-	-	(23,007)	-	(23,007)
Cash flows from financing activities						
Net proceeds from the issue of shares/options	-	840,092	3,769,550	4,609,642	285,450	4,895,092
Amounts received for shares, but not yet allotted	168,000	(168,000)	-	-	-	-
Net proceeds from borrowings	-	(13,480)	-	(13,480)	-	(13,480)
Net cash provided by financing activities	168,000	658,612	3,769,550	4,596,162	280,450	4,881,612
Net increase in cash and cash equivalents	148,045	110,605	3,769,550	4,028,200	285,450	4,313,650
Cash at the beginning of the financial period	(2,325)	-	-	(2,325)	-	(2,325)
Cash at the end of the financial period	145,720	110,605	3,769,550	4,025,875	285,450	4,311,325

The above should be read in conjunction with the accompanying notes.

SPECTUR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR TO 31 DECEMBER 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial information has been prepared in accordance with applicable accounting standards including the Australian equivalents of International Reporting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Material accounting policies have been adopted in the preparation of the historical and proforma financial information are shown below.

(a) Basis of preparation

The financial statements have been prepared in accordance with the measurement requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia using the accrual basis of accounting, including the historical cost convention.

Historical cost convention

These financial statements have been prepared under the historical cost convention, and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair value of the consideration given in exchange for assets.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1(l).

Going concern

This financial information has been prepared on the going concern basis, which contemplates the continuation of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

(b) Cash and cash equivalents

Cash comprises cash at bank and on hand, net of bank overdrafts. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(c) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 15 to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Company in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Company. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

SPECTUR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR TO 31 DECEMBER 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Impairment of assets

The Company assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset’s recoverable amount. An asset’s recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets and the asset’s value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

(e) Trade payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(f) Employee Entitlements

Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, are recognised in respect of employees services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(g) Issued capital

Ordinary share capital is recognised as the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(h) Share-based payment transactions

The cost of equity-settled transactions is measured by reference to the fair value of the equity instruments at the date on which they are granted.

Where the identifiable consideration received (if any) is less than the fair value of the equity instruments granted or liability incurred, the unidentifiable goods or services received (or to be received) are measured as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received (or to be received) measured at the grant date.

(i) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Sale of goods
Revenue is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

SPECTUR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR TO 31 DECEMBER 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Revenue recognition (cont'd)

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be reliably measured. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that assets’ net carrying amount on initial recognition.

(j) Income tax

The income tax expense or benefit for the period is the tax payable on the current period’s taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

SPECTUR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR TO 31 DECEMBER 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Income tax (cont'd)

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(k) Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

Internally generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The following useful lives are used in the calculation of amortisation:

Patents	8 years following grant of patent
Trademarks	10 years following grant of trademark

SPECTUR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR TO 31 DECEMBER 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Critical accounting judgements and key sources of estimation uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Impairment of intangibles with indefinite useful lives

The Company determines whether intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units to which the intangibles with indefinite useful lives are allocated.

Share-based payment transactions

The Company measures the costs of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using internal valuation models in conjunction with the market price of the share-based payments.

(m) Proforma transactions

The proforma Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows have been derived from the historical financial information as at 31 December 2016 adjusted to give effect to the following actual or proposed significant events and transactions by the Company subsequent to 31 December 2016:

- i) the buy back by the Company, post 31 December 2016 of 1,900,000 partly paid ordinary shares for \$19,000 and the issue of 19,000 fully paid ordinary shares for the same value;
- ii) the cancellation, post 31 December 2016 of 200,000 options exercisable at \$1.00 on or before 30 March 2019 and 50,000 options exercisable at \$1.50 on or before 30 June 2019;
- iii) the issue, post 31 December 2016 of 700,000 options exercisable at \$0.20 on or before 31 December 2020 at an accounting value of \$7,000, as replacement options for those cancelled at ii) above;
- iv) the subdivision of share capital on a 10 for 1 basis for shareholders on record as at 27 January 2017;
- v) the issue, post 31 December 2016 of 20,000,000 performance rights to the then Managing director and a proposed director;
- vi) the issue, post 31 December 2016 of 4,000,000 options exercisable at \$0.20 on or before 31 December 2020 at \$0.005 raising \$20,000;
- vii) the issue, post 31 December 2016 of 2,500,000 ordinary fully paid shares at \$0.10 raising \$250,000 less costs of \$15,000, noting that \$168,000 was received prior to 31 December 2016;
- viii) the issue, post 31 December 2016 of 3,323,750 ordinary fully paid shares at \$0.16 raising \$531,800 less costs of \$31,908;
- ix) the issue, post 31 December 2016 of an additional 500,000 ordinary fully paid shares at \$0.16 raising \$80,000, less costs of \$4,800;
- x) the issue, post 31 December 2016 of 2,000,000 options exercisable at \$0.20 on or before 31 December 2020 at \$0.005 raising \$10,000;

SPECTUR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR TO 31 DECEMBER 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Proforma transactions (cont'd)

- xi) the issue, post 31 December 2016 of 2,150,000 options for nil consideration exercisable at \$0.20 on or before 31 December 2020 at an accounting value of \$21,500;
- xii) the issue by the Company, 1,000,000 performance rights and 1,000,000 ordinary fully paid shares to the Lead Manager or nominee, written off against share capital as costs of the issue;
- xiii) the receipt, post 31 December 2016 by the Company of additional sales of \$558,300, of which \$55,000 is considered unearned as at the date of this Report;
- xiv) the payment by the Company of loans payable of \$13,480, trade and other payables of \$160,925 and the subsequent expenditure of approximately \$1,106,307 written off to profit and loss post 31 December 2016;
- xv) the issue of up to 5,500,000 options pursuant to this Prospectus (exercisable at \$0.20 on or before 31 December 2020) at \$0.01 each raising \$55,000 less costs of \$3,300. This offer of options does not have a minimum subscription requirement, therefore we have included the capital raising from this offer as part of our “Maximum” disclosures in this Report;
- xvi) the issue by the Company pursuant to this Prospectus of up to 22,500,000 ordinary fully paid shares issued at \$0.20 each raising \$4,500,000 before the expenses of the Offer; and
- xvii) the write off against issued capital of the estimated cash expenses of the Offers as outlined in Section 12.4 of the Prospectus of \$500,000. This information is also shown at a minimum capital raising of \$4,250,000. Under this scenario the costs of the Offers fall by \$19,550 to \$480,450.

2. CASH AND CASH EQUIVALENTS

	<i>Audited Historical</i>	<i>Subsequent Events</i>	<i>Proforma Adjustments (Minimum)</i>	<i>Reviewed Proforma (Minimum)</i>	<i>Proforma Adjustments (Maximum)</i>	<i>Reviewed Proforma (Maximum)</i>
	\$	\$	\$	\$	\$	\$
Balance as at 31 December 2016	168,050	-	-	168,050	-	168,050
Bank Overdraft (disclosed in trade and other payables)	(22,330)	-	-	(22,330)	-	(22,330)
Shares and options issued post year end (net of costs)	-	672,092	-	672,092	-	672,092
Payment of Payables and loans	-	(1,119,787)	-	(1,119,787)	-	(1,119,787)
Receipts from Customers	-	558,300	-	558,300	-	558,300
Shares and options issued pursuant to the Prospectus	-	-	4,250,000	4,250,000	305,000	4,555,000
Share issue costs	-	-	(480,450)	(480,450)	(19,550)	(500,000)
	145,720	110,605	3,769,550	4,025,875	285,450	4,311,325

9. INVESTIGATING ACCOUNTANT'S REPORT | CONTINUED

Investigating Accountant's Report – Appendix 1

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SPECTUR LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR TO 31 DECEMBER 2016

3. ISSUED CAPITAL

	Fully Paid	Partly Paid	Total	\$
Reviewed Historical				
Balance as at 31 December 2016	1,098,625	1,900,000	2,998,625	1,128,000
Subsequent events				
Buy back of partly paid shares	-	(1,900,000)	(1,900,000)	(19,000)
Shares issued for cash at \$1.00	19,000	-	19,000	19,000
Share split (10 for 1)	10,058,625	-	10,058,625	-
Shares issued for cash at \$0.10	2,500,000	-	2,500,000	250,000
Shares issued for cash at \$0.16	3,823,750	-	3,823,750	611,800
Share issue costs				(51,708)
	17,500,000	-	17,500,000	1,938,092
Reviewed Proforma				
Shares issued pursuant to prospectus	21,250,000	-	21,250,000	4,250,000
Share issue costs - cash				(480,450)
Share issue costs – shares issued to Lead Manager (net Nil value due to cost written off as share issue expenses)	1,000,000	-	1,000,000	-
Proforma balance (Minimum)	39,750,000	-	39,750,000	5,707,642
Shares issued pursuant to prospectus	1,250,000	-	1,250,000	250,000
Share issue costs - cash				(16,250)
Proforma balance (Maximum)	41,000,000	-	41,000,000	5,941,392

9. INVESTIGATING ACCOUNTANT'S REPORT | CONTINUED

Investigating Accountant's Report – Appendix 1

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SPECTUR LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR TO 31 DECEMBER 2016

4. PERFORMANCE RIGHTS

	Number	\$
Audited Historical		
Balance as at 31 December 2016	-	-
Subsequent events		
Issue of performance shares to Directors	20,000,000	-
Comprising:		
Tranche 1 Performance rights ⁽ⁱ⁾	6,666,666	-
Tranche 2 Performance rights ⁽ⁱⁱ⁾	6,666,667	-
Tranche 3 Performance rights ⁽ⁱⁱⁱ⁾	6,666,667	-
Proforma adjustments		
Issue of performance shares to Lead manger	1,000,000	-
Comprising:		
Tranche 1 Performance rights ⁽ⁱ⁾	333,334	-
Tranche 2 Performance rights ⁽ⁱⁱ⁾	333,333	-
Tranche 3 Performance rights ⁽ⁱⁱⁱ⁾	333,333	-
Total	21,000,000	-
Comprising:		
Tranche 1 Performance rights ⁽ⁱ⁾	7,000,000	-
Tranche 2 Performance rights ⁽ⁱⁱ⁾	7,000,000	-
Tranche 3 Performance rights ⁽ⁱⁱⁱ⁾	7,000,000	-

The Performance rights vest on the following basis

- (i) Tranche 1 Performance rights – the total revenue for the year ended 30 June 2018 being at least \$1.75 million.
- (ii) Tranche 2 Performance rights – the total revenue for the year ended 30 June 2019 being at least \$3.5 million; and
- (iii) Tranche 3 Performance rights – the total revenue for the year ended 30 June 2020 being at least \$7.0 million.

Currently there are no reasonable grounds in which to assess the likelihood of the various performance milestones being met. The Company assessed that there is a high level of uncertainty whether the performance milestones referred to above will be met due to the difficulty in the assessment of the potential for future short term revenue as this is largely dependent on the Company successfully expanding its operations as outlined in the Prospectus.

In addition to this, the Prospectus does not include financial forecasts as the Directors do not consider that they have a reasonable basis to reliably forecast future revenue, at this point in time.

Therefore, at the date of the pro forma balance sheet we do not consider that it is probable the performance milestones will be met (this being the best available estimate) and as such no value has been assigned to the Deferred Consideration at the pro forma date. However, in accordance with AASB 2 Share based payments, the Company will be required to re-assess the probability of each performance milestone being achieved up until expiry of the Performance Rights.

Investigating Accountant’s Report – Appendix 1

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SPECTUR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR TO 31 DECEMBER 2016

5. OPTIONS

Assuming the successful completion of all events in the Prospectus, the following options shall be on issue (exercisable at \$0.20 per share):

	Number
Options exercisable on or before 31 December 2020:	
Balance as at 31 December 2016	-
Issued subsequent to 31 December 2016	8,850,000
Issued pursuant to the Prospectus	5,500,000
Proforma total	14,350,000

All Options are on the same headline terms and conditions, however various Options have been issued for either 1) cash consideration; 2) nil cash consideration to consultants for services and 3) nil consideration to employees under the Employee Incentive Plan. Of the 8,850,000 options issued post 31 December 2016:

- 6,000,000 options were issued for cash consideration of \$0.005 per option to raise \$30,000. These options are valued based on the subscription price of \$0.005.
- 800,000 options were issued to consultants for services provided to the Company. These options were allocated a market value of \$0.01 each, consistent with the option offer under the prospectus.
- 2,050,000 options were issued to employees through the Employee Incentive Plan for nil consideration. While the options have the same underlying terms and conditions, given these options were issued under the employee incentive plan, there may be additional claw back and vesting conditions over these options. These employee options were allocated a market value of \$0.01 each, consistent with the option offer under the prospectus.

6. CONTINGENCIES AND COMMITMENTS

The Directors are not aware of any contingencies other than as set out in the Prospectus.

7. RELATED PARTY TRANSACTIONS

Details of Directors’ interests in the Company’s issued capital and transactions with the Company are included in Section 12 of the Prospectus.

Investigating Accountant’s Report – Appendix 2

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APPENDIX 2

SPECTUR LIMITED
HISTORICAL FINANCIAL INFORMATON

Set out below is summarised financial information of Spectur Limited. The following information has been extracted from the audited financial statements for the years ended 30 June 2015 and 30 June 2016.

The 2015 Auditor’s report contained a disclaimer of opinion due to the 2014 financial year not being audited. The 2015 and 2016 Auditor’s reports contained an emphasis of matter in relation to going concern.

SPECTUR LIMITED
STATEMENT OF FINANCIAL POSITION

	Audited 30 June 2016 \$	Audited 30 June 2015 \$
CURRENT ASSETS		
Cash and cash equivalents	-	-
Trade and other receivables	223,407	295,546
TOTAL CURRENT ASSETS	223,407	295,546
NON-CURRENT ASSETS		
Plant and equipment	42,612	20,472
Intangibles	3,517	4,174
TOTAL NON-CURRENT ASSETS	46,129	24,646
TOTAL ASSETS	269,536	320,192
CURRENT LIABILITIES		
Trade and other payables	205,805	179,490
Loans payable	13,480	23,480
TOTAL CURRENT LIABILITIES	219,285	202,970
TOTAL LIABILITIES	219,285	202,970
NET ASSETS	50,251	117,222
EQUITY		
Issued capital	1,128,000	1,128,000
Accumulated losses	(1,077,749)	(1,010,778)
TOTAL EQUITY	50,251	117,222

The above should be read in conjunction with the notes outlined in Appendix 1.

9. INVESTIGATING ACCOUNTANT'S REPORT | CONTINUED

Investigating Accountant's Report – Appendix 2

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SPECTUR LIMITED STATEMENT OF COMPREHENSIVE INCOME

	Audited 30 June 2016 \$	Audited 30 June 2015 \$
Revenue	935,320	618,451
Cost of sales	(401,035)	(341,589)
Gross Profit	534,285	276,862
Research & development costs	(367,852)	(300,083)
General and administrative expenses	(77,366)	(83,976)
Employee benefits expense	(207,183)	(70,134)
Marketing and advertising	(44,998)	(45,784)
Rental expenses	(39,301)	(17,134)
Depreciation and amortisation	(12,450)	(8,114)
Interest expenses	(5,787)	(2,267)
Loss before income tax	(220,742)	(250,998)
Income tax benefit	153,771	201,756
Loss for the year	(66,971)	(49,242)
Other comprehensive income	-	-
Total comprehensive loss	(66,971)	(49,242)

The above should be read in conjunction with the notes outlined in Appendix 1.

SPECTUR LIMITED STATEMENT OF CHANGES IN EQUITY

	Issued capital \$	Accumulated losses \$	Reserves \$	Total Equity \$
As at 1 July 2014	1,128,000	(961,536)	-	166,464
Loss for the period	-	(49,242)	-	(42,242)
Total comprehensive loss for the year	-	(49,242)	-	(42,242)
Shares issued during the year	-	-	-	-
As at 30 June 2015	1,128,000	(1,010,778)	-	117,222
As at 1 July 2015	1,128,000	(1,010,778)	-	117,222
Loss for the period	-	(66,971)	-	(66,971)
Total comprehensive loss for the year	-	(66,971)	-	(66,971)
Shares issued during the year	-	-	-	-
As at 30 June 2016	1,128,000	(1,077,749)	-	50,251

The above should be read in conjunction with the notes outlined in Appendix 1.

9. INVESTIGATING ACCOUNTANT'S REPORT | CONTINUED

Investigating Accountant's Report – Appendix 2

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SPECTUR LIMITED STATEMENT OF CASH FLOWS

	Audited 30 June 2016 \$	Audited 30 June 2015 \$
<i>Cash flows from operating activities</i>		
Receipts from customers	959,474	607,274
Payments to suppliers & employees	(1,088,485)	(792,735)
Interest paid	(5,787)	(2,267)
Income tax benefit received	201,756	212,034
Net cash from operating activities	66,958	24,306
<i>Cash flows from investing activities</i>		
Payments for plant & equipment	(34,023)	(6,825)
Net cash used in investing activities	(34,023)	(6,825)
<i>Cash flows from financing activities</i>		
Proceeds from borrowings	-	20,000
Repayment of borrowings	(10,000)	(45,000)
Net cash used in financing activities	(10,000)	(25,000)
Net increase (decrease) in cash and cash equivalents	22,935	(7,519)
Cash at the beginning of the financial year	(25,260)	(17,741)
Cash at the end of the financial year	(2,325)	(25,260)

The above should be read in conjunction with the notes outlined in Appendix 1.

10. MATERIAL CONTRACTS

10.1 Introduction

Set out below are summaries of various contracts entered into by Spectur which are or may be material to the Offers or the operation of the business of Spectur or otherwise are or may be relevant to a potential investor in Spectur.

10.2 Lead Manager Mandate

Spectur and the Lead Manager have entered into a corporate advisory and capital raising mandate under which the Lead Manager was appointed to act as lead manager to the Offers.

The material terms of the Lead Manager's engagement are as follows:

Subject	Provision
Management of Offers	The Lead Manager will act as the sole and exclusive lead manager to the Offers.
Conditions precedent	The Lead Manager Mandate is conditional on conditions precedent which are of the type and form that is usual in an agreement of this nature, and which have been met as at the date of this Prospectus.
Fees and reimbursement	<p>Spectur will pay or issue (as applicable) the following to the Lead Manager:</p> <ul style="list-style-type: none">• a corporate advisory fee of \$5,000 per month, ending 6 months after Spectur has successfully listed on ASX;• a fee of 6% of the of the total amount raised under each Offer;• a success fee of \$50,000;• 1,000,000 Shares;• 1,000,000 Performance Rights; and• reimbursement of the Lead Manager's reasonable costs, professional fees and expenses in relation, and incidental, to the Offers.
Termination of mandate	Either party may terminate the contract by giving one months' written notice.
Entitlement to fees on discontinuance of capital raising	<p>If the capital raising does not proceed, the Lead Manager will be entitled to:</p> <ul style="list-style-type: none">• the corporate advisory fee; and• the reimbursement of any incurred or accrued expenses up to the date the Lead Manager's engagement is terminated.
Indemnity	<p>Spectur agrees to indemnify the Lead Manager and to hold the Lead Manager harmless from and against:</p> <ul style="list-style-type: none">• all actions, claims, demands or proceedings which may be instituted against the Lead Manager; and• all liabilities, losses, damages, costs and expenses including reasonable legal costs and expenses which may be suffered or incurred by the Lead Manager, in connection with the mandate.

The mandate otherwise contains terms and conditions considered standard for agreements of this nature.

10. MATERIAL CONTRACTS | CONTINUED

10.3 Employment Contracts with Executives

Spectur has entered into an Executive Employment Contract with each of its Executive Directors, Richard Wilkins and Peter Holton, and its Technology and Development Manager, Dr Nick Le Marshall, on substantially the same terms.

The material terms of the agreements are as follows:

Subject	Provision
Position	<p>Spectur employs:</p> <ul style="list-style-type: none">• Mr Wilkins on a full time basis as its Executive Chairman;• Mr Holton on a full time basis as its Managing Director; and• Dr Le Marshall on a full time basis as Technology and Development Manager.
Remuneration	<p>Each Executive Director is entitled to receive an annual salary of \$190,000 (plus superannuation) and a vehicle allowance of \$15,000 per annum.</p> <p>Dr Le Marshall is entitled to receive an annual salary of \$180,000 (plus superannuation) for the first 12 months, and \$200,000 (plus superannuation) thereafter.</p>
Performance of duties	Each executive must discharge his duties in accordance with the Constitution of Spectur, the Corporations Act, the ASX Listing Rules and the corporate governance policies of Spectur (as applicable).
Disclosure of interests	Each executive must make all necessary disclosures to Spectur in relation to all interests and matters which impact his independence and any matters which may give rise to a conflict of interest.
Confidentiality	Each executive must keep information regarding Spectur confidential, except if disclosure is required by law or Spectur provides prior written consent.
Intellectual property	Each executive assigns to Spectur all existing and future intellectual property rights in all inventions, designs, works and subject matter created or conceived by him in the performance of his duties or using any of Spectur's resources.
Termination	<p>Each executive or Spectur may terminate the contract by giving 6 months' written notice. Spectur may make payment in lieu of notice.</p> <p>Spectur may otherwise terminate the employment immediately for misconduct or other matters that are usual grounds for summary dismissal.</p>
Restrictive covenants	Each executive is subject to post-employment restraints on engaging in a business of the same or substantially similar nature to Spectur and soliciting Spectur's employees, suppliers or clients. The restraint has potential effect globally for up to 18 months following termination of employment.

The agreements otherwise contains terms and conditions considered standard for executive employment contracts of this nature.

10. MATERIAL CONTRACTS | CONTINUED

10.4 Non-Executive Director engagement letters

Spectur has entered into letters of engagement with Non-Executive Directors Stephen Bodeker and Andrew Hagen confirming their appointment and terms of engagement.

The material terms of the letters of engagement are as follows:

Subject	Provision
Engagement	Each Non-Executive Director is engaged in that capacity by Spectur.
Directors’ fees	Each Non-Executive Director is entitled to be paid an annual director’s fee for their services of \$35,000 plus superannuation.
Performance of duties	Each Non-Executive Director is expected to discharge his duties in accordance with the Constitution of Spectur, the Corporations Act, the ASX Listing Rules and the corporate governance policies of Spectur (as applicable).
D&O insurance	Each Non-Executive Director will be covered by a directors’ and officers’ liability insurance taken out by Spectur in accordance with the terms of the Deeds of Insurance, Indemnity and Access that Spectur has executed with each Non-Executive Director.
Disclosure of interests	Each Non-Executive Director must make all necessary disclosures to Spectur in relation to all interests and matters which impact their independence and any matters which may give rise to a conflict of interest.
Confidentiality	Each Non-Executive Director must keep information regarding Spectur confidential, except if disclosure is required by law or Spectur provides prior written consent.
Intellectual property	Each Non-Executive Director assigns to Spectur all existing and future intellectual property rights in all inventions, designs, works and subject matter created or conceived by the Directors in the performance of their duties or using any of Spectur’s resources.

The letters of engagement otherwise contain terms and conditions considered standard for engagement letters of this nature.

10.5 Directors’ Deeds of Indemnity, Insurance and Access

Spectur has entered into Deeds of Indemnity, Insurance and Access with each of its Directors and Company Secretaries.

The material terms of these deeds are as follows:

Subject	Provision
Indemnity	Spectur agrees to indemnify each Director and each Company Secretary (Officer) from certain liabilities incurred from acting in that position under specified circumstances.
Insurance	<div>Spectur agrees to maintain directors’ and officers’ insurance cover (if available) in favour of each Officer whilst that person maintains such office and for 7 years after the Officer has ceased to be an officer, provided that:</div> <ul style="list-style-type: none">Spectur may cease to maintain directors’ and officers’ insurance cover in favour of each Officer if Spectur reasonably determines that the type of coverage is no longer available; andSpectur must notify an Officer if it ceases to maintain directors’ and officers’ insurance cover in favour of that Officer.
Access	Spectur will provide access to any company records which are relevant to the Officer’s holding of office with Spectur, for a period of 7 years after the Officer has ceased to be an officer of Spectur.
Conditions	The indemnity and insurance obligations of Spectur are subject to any restrictions on the same under the Corporations Act.

The deeds otherwise contain terms and conditions considered standard for deeds of this nature.

10. MATERIAL CONTRACTS | CONTINUED

10.6 Employee Incentive Plan Rules

Spectur has established an Incentive Plan for its officers and employees (Plan) which is governed by the Incentive Plan Rules (Rules).

Under the Plan, Spectur may grant options to subscribe for Shares (Plan Options) or performance rights entitling the holder to be issued Shares (Plan Rights) in accordance with the Rules and otherwise on terms and conditions set by the Board at its discretion.

The material terms of the Plan, as set out in the Rules, are as follows:

Subject	Provision
Purpose	<div>The purpose of the Plan is:</div> <ul style="list-style-type: none">to establish a method by which eligible persons can participate in the future growth and profitability of Spectur;to provide an incentive and reward for eligible persons for their contribution to Spectur; andto attract and retain a high standard of managerial and technical personnel for the benefit of Spectur.
Eligible participants	<div>The following persons can participate in the Plan if the Board makes them an offer to do so:</div> <ul style="list-style-type: none">a full-time or part-time employee, including an executive and non-executive Director of Spectur or its related bodies corporate;a contractor of Spectur or its related bodies corporate; anda casual employee of Spectur or its related bodies corporate where the employee or contractor is, or might reasonably be expected to be, engaged to work the pro-rata equivalent of 40% or more of a comparable full-time position.
Conditions of grant	<div>Plan Options and Plan Rights (collectively Awards) issued under the Plan are subject to the terms and conditions set out in the Rules, which include:</div> <ul style="list-style-type: none">Vesting Conditions – which are time-based criteria, requirements or conditions (as specified in the offer and determined by the Board) which must be met prior to Awards vesting in a participant, which the Board may throughout the course of the period between the grant of an Award and its vesting, waive or accelerate as the Board considers reasonably appropriate;Performance Conditions – which are conditions relating to the performance of Spectur and its related bodies corporate (and the manner in which those conditions will be tested) as specified in an offer and determined by the Board; andExercise Conditions – which are criteria, requirements or conditions, as determined by the Board or under the Plan, which must be met (notwithstanding the satisfaction of any Vesting Conditions and/or Performance Conditions) prior to a Participant being entitled to exercise vested Options.
Plan limits	In accordance with ASIC Class Order 14/1000, the total Awards that may be issued under the Plan will not exceed 5% of the total number of Shares on issue. In calculating this limit, Awards issued to participants under the Plan other than in reliance upon this Class Order are discounted.
Administration	The Board has the unfettered and absolute discretion to administer the Plan.
Transferability and quotation	Awards issued under the Plan are not transferable and will not be quoted on ASX.

The Rules otherwise contain terms and conditions considered standard for employee incentive plan rules of this nature.

10. MATERIAL CONTRACTS | CONTINUED

10.7 Company Secretarial and Corporate Advisory Services Agreement

Spectur has entered into a Company Secretarial and Corporate Advisory Services Agreement with Cobblestones Corporate Pty Ltd as trustee for the DRP Family Trust (**Cobblestones**).

Cobblestones is an entity controlled by David Parker, an employee of the Lead Manager. Cobblestones also provides the services of Japheth Dela Torre, a Company Secretary and former Non-Executive Director.

The material terms of the agreement are as follows:

Subject	Provision
Engagement	<p>Spectur has engaged Cobblestones to provide company secretarial and associated corporate services to Spectur.</p> <p>The services will be provided by David Parker, the sole director of Cobblestones, and Japheth Dela Torre, a Senior Consultant of Cobblestones.</p>
Term	<p>The agreement commenced on 1 December 2016 and will continue until terminated (see below).</p>
Performance	<p>Cobblestones must perform its services with due care, diligence and skill in an orderly workmanlike manner.</p> <p>Cobblestones must comply with all of Spectur’s policies and procedures.</p> <p>Cobblestones will report directly to the Chairperson or Executive Directors.</p>
Fees and reimbursement	<p>Spectur will pay a monthly fee of \$5,000 (plus GST) to Cobblestones for providing the company secretarial services.</p> <p>The monthly fee payable may be reviewed if the scope of Spectur’s business changes, such as if Spectur is admitted to the Official List of ASX or becomes cash flow positive.</p> <p>Spectur may request that Cobblestones provide services in addition to the company secretarial services. Any additional services provided by Cobblestones to Spectur will be charged at \$175 per hour (plus GST).</p>
Exclusion of liability	<p>Cobblestones does not assume liability for the performance or non-performance of the services for which it is engaged nor personal injury to any person.</p>
D&O insurance	<p>Spectur is required to maintain a directors’ and officers’ liability insurance policy in favour of Cobblestones’ representative, as the Company Secretary and/or an officer of Spectur.</p>
Termination	<p>The agreement may be terminated by either party giving three months’ written notice.</p> <p>Spectur may request that the Cobblestones’ representative resign as Company Secretary if a termination notice is given. A three month termination payment and any outstanding fees must be paid in these circumstances.</p>

The agreement otherwise contains terms and conditions considered standard for an agreement of this nature.

10. MATERIAL CONTRACTS | CONTINUED

10.8 Reseller Agreement

Spectur has entered into a formal Reseller Agreement with one of its resellers located in Queensland.

The material terms of the agreement are as follows:

Subject	Provision
Appointment	<p>The reseller has been appointed on a non-exclusive basis:</p> <ul style="list-style-type: none">To resell, promote and market Spectur’s security surveillance products in Australia; andto grant sub-licences access to the IOT Management Platform to those of its clients who purchase Spectur security surveillance products.
Term	<p>The term of the agreement is 2 years.</p>
Products	<p>Spectur will supply ‘white label’ products which the reseller may re-label under its own branding.</p>
User interface for IOT Management Platform	<p>Spectur will provide a user interface to access the IOT Management Platform which displays the reseller’s brand.</p>
Intellectual property	<p>All intellectual property rights created or developed in relation to the agreement, Spectur’s products or the IOT Management Platform will vest in Spectur.</p> <p>Each party will retain all background intellectual property rights in existence prior to the commencement of the agreement.</p>
Restrictive covenants	<p>The reseller is subject to certain restrictive covenants during and for up to 18 months after the end of the term, including:</p> <ul style="list-style-type: none">selling, supplying, distributing or commercialising other solar-powered security cameras or surveillance devices;manufacturing security cameras or surveillance devices in Australia;soliciting Spectur’s staff to leave employment or engagement with Spectur; andinterfering in the relationship between Spectur and any of its clients, contractors or suppliers.
Termination	<p>Either party may terminate the agreement:</p> <ul style="list-style-type: none">by giving 60 days writing notice; orimmediately in the event of certain default or insolvency events.

The agreement otherwise contains terms and conditions considered standard for an agreement of this nature.

11. TERMS OF SECURITIES

11.1 Rights and liabilities attaching to Shares

The Shares issued under this Prospectus will be fully paid ordinary shares in the capital of Spectur and will rank equally with the Existing Shares.

Full details of the rights and liabilities attaching to the Shares are contained in the Constitution of Spectur and, in certain circumstances, are regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Rules and the common law. The Constitution is available for inspection free of charge at Spectur's registered office.

The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights and liabilities attaching to the Shares:

- a. **Share capital:** All issued Shares rank equally in all respects.
- b. **Voting rights:** At a general meeting of Spectur, every holder of Shares present in person, by an attorney, representative or proxy has one vote on a show of hands and on a poll, one vote for each Share held, and for every contributing share (i.e. partly paid) held, a fraction of a vote equal to the proportion which the amount paid up bears to the total issue price of the contributing share. Where there is an equality of votes, the chairperson has a casting vote.
- c. **Dividend rights:** Subject to the Corporations Act, the ASX Listing Rules and any rights of persons entitled to shares with special rights to dividends (at present there are none), all dividends as declared by the Directors are to be payable on all such shares in proportion to the amount of capital paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividends is paid, unless the share is issued on terms providing to the contrary.
- d. **Payment of dividends:** Dividends are payable out of the assets of Spectur in accordance with section 254T of the Corporations Act and as determined by the Directors, which shall be conclusive. The Directors may direct that payment of the dividend be made wholly or in part by the distribution of specific assets or other Securities of Spectur.
- e. **Rights on winding-up:** Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of Shares, the liquidator may on winding-up of Spectur, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of Spectur and may for that purpose set such value as the liquidator considers fair upon any property to be so divided and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

- f. **Transfer of Shares:** Subject to the Constitution, Shares in Spectur may be transferred by:
 - i. a proper ASX Settlement transfer or any other method of transferring or dealing in Shares introduced by the ASX or operated in accordance with the ASX Settlement Rules or the ASX Listing Rules as recognised under the Corporations Act; or
 - ii. an instrument in writing in any usual or common form or in any other form that the Directors, in their absolute discretion, approve from time to time.
- g. **Refusal to transfer Shares:** The Directors may refuse to register a transfer of Shares (other than a proper ASX Settlement transfer) only where:
 - i. the law permits it;
 - ii. the law requires it; or
 - iii. the transfer is a transfer of restricted securities (as defined in ASX Listing Rule 19.12) which is, or might be, in breach of the ASX Listing Rules or any escrow agreement entered into by Spectur in respect of those restricted securities.
- h. **Further increases in capital:** Subject to the Constitution, the Corporations Act and the ASX Listing Rules:
 - i. Shares in Spectur are under the control of the Directors, who may allot or dispose of all or any of the Shares to such persons, and on such terms, as the Directors determine; and
 - ii. the Directors have the right to grant options to subscribe for Shares, to any person, for any consideration.
- i. **Variation of rights attaching to shares:** The rights attaching to the shares of a class (unless otherwise provided by their terms of issue) may only be varied by a special resolution passed at a separate general meeting of the holders of those shares of that class, or in certain circumstances, with the written consent of the holders of at least seventy-five percent (75%) of the issued shares of that class.
- j. **General meeting:** Each holder of Shares will be entitled to receive notice of, and to attend and vote at, general meetings of Spectur and to receive notices, accounts and other documents required to be furnished to Shareholders under the Constitution, the Corporations Act and the ASX Listing Rules.

11. TERMS OF SECURITIES | CONTINUED

11.2 Options

The terms and conditions of the Options are set out below:

- a. **Entitlement:** Each Option entitles the holder (Option Holder) to subscribe for 1 fully paid ordinary Share in Spectur.
- b. **Exercise price:** The exercise price of each Option is \$0.20 (**Exercise Price**).
- c. **Expiry date:** Each Option may be exercised at any time before 5.00pm (WST) on 31 December 2020 (**Expiry Date**). An Option that is not exercised by the Expiry Date will automatically expire.
- d. **Certificate or holding statement:** Spectur must give the Option Holder a certificate or holding statement stating:
 - i. the number of Options issued to the Option Holder;
 - ii. the Exercise Price of the Options; and
 - iii. the date of issue of the Options.
- e. **Transfer:**
 - i. The Options are transferable, subject to any restrictions on transfer under the Corporations Act or the ASX Listing Rules, as applicable.
 - ii. Subject to the Corporations Act or the ASX Listing Rules, the Option Holder may transfer some or all of the Options at any time before the Expiry Date by:
 - A. a proper ASX Settlement transfer or any other method permitted by the Corporations Act; or
 - B. a prescribed instrument of transfer.
- f. **Instrument of transfer:** An instrument of transfer of an Option must be:
 - i. in writing;
 - ii. in any usual form or in any other form approved by the Directors that is otherwise permitted by law;
 - iii. subject to the Corporations Act, executed by or on behalf of the transferor, and if required by Spectur, the transferee; and
 - iv. delivered to Spectur, at the place where Spectur's register of Option Holders is kept, together with the certificate (if any) of the Option to be transferred and any other evidence as the Directors require to prove the title of the transferor to that Option, the right of the transferor to transfer that Option and the proper execution of the instrument of transfer.
- g. **Quotation:** If and for the period that Spectur is admitted to the Official List of ASX:
 - i. **quotation of Options:** The Directors may determine, at their sole discretion, that Spectur will apply to ASX for official quotation of Options if the requirements for quotation under the ASX Listing Rules as satisfied, but until such an application is made, the Options will form a class of unquoted securities; and
 - ii. **quotation of Shares:** Spectur will apply to ASX for official quotation of the Shares issued on exercise of Options.

- h. **Rights of participation:** If and for the period that Spectur is admitted to the official list of ASX:

- i. **New issues**
 - A. The Option Holder is not entitled to participate in any new issue to Spectur's shareholders of securities in Spectur unless they have exercised their Options before the record date for determining entitlements to the new issue of securities and participate as a result of holding Shares.
 - B. Spectur must give the Option Holder notice of the proposed terms of the issue or offer in accordance with the ASX Listing Rules.
- ii. **Bonus issues**

If Spectur makes a bonus issue of Shares or other securities to shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) (**Bonus Issue**) and a Share has not been issued in respect of the Option before the record date for determining entitlements to the Bonus Issue, then the number of underlying Shares over which the Option is exercisable will be increased by the number of Shares which the Option Holder would have received if the Option Holder had exercised the Option before the record date for determining entitlements to the Bonus Issue
- iii. **Pro rata issues**

If Spectur makes a pro rata issue of Shares (except a Bonus Issue) to shareholders (except an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) (**Pro Rata Issue**) and a Share has not been issued in respect of the Option before the record date for determining entitlements to the Pro Rata Issue, the Exercise Price of each Option will be reduced in accordance with the ASX Listing Rules.
- i. **Reorganisation:** If and for the period that Spectur is admitted to the official list of ASX:
 - i. If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of Spectur (**Reorganisation**), then the rights of the Option Holder (including the number of Options to which the Option Holder is entitled and the Exercise Price) will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the Reorganisation.
 - ii. Any calculations or adjustments which are required to be made will be made by Spectur's Directors and will, in the absence of manifest error, be final and conclusive and binding on Spectur and the Option Holder.

11. TERMS OF SECURITIES | CONTINUED

- iii. Spectur must, within a reasonable period, give to the Option Holder notice of any change to the Exercise Price of any Options held by the Option Holder or the number of Shares which the Option Holder is entitled to subscribe for on exercise of an Option.
- j. **Exercise**
 - i. To exercise Options, the Option Holder must give Spectur or its securities registry, at the same time:
 - A. a written exercise notice (in the form approved by the board of Spectur from time to time) specifying the number of Options being exercised and Shares to be issued;
 - B. payment of the Exercise Price for the Shares, the subject of the exercise notice, by way of bank cheque or by other means of payment, approved by Spectur; and
 - C. any certificate for the Options.
 - ii. The Option Holder may only exercise Options in multiples of 10,000 Options unless the Option Holder exercises all Options held by the Option Holder.
 - iii. Options will be deemed to have been exercised on the date the exercise notice is lodged with Spectur or its securities registry.
- k. **Re-issue of certificate or holding statement:** If the Option Holder exercises less than the total number of Options registered in the Option Holder's name:
 - i. the Option Holder must surrender their Option certificate (if any); and
 - ii. Spectur must cancel the Option certificate (if any) and issue the Option Holder a certificate or holding statement stating the remaining number of Options held by the Option Holder.
- l. **Issue:**
 - i. Within 10 days after receiving an application for exercise of Options and payment by the Option Holder of the Exercise Price, Spectur must issue the Option Holder the number of Shares specified in the application.
 - ii. Subject to Spectur's Constitution, all Shares issued on the exercise of Options will rank in all respects (including rights relating to dividends) equally with the existing ordinary shares of Spectur at the date of issue.

- m. **Governing law**

These terms and the rights and obligations of the Option Holder are governed by the laws of Western Australia. The Option Holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia.
- n. **Amendments required by ASX**

These terms and conditions of Options may be amended as necessary by Spectur's Board of Directors in order to comply with the ASX Listing Rules (if applicable), or any directions of ASX (if applicable) regarding the terms and conditions of Options, provided that, subject to compliance with the ASX Listing Rules, the economic and other rights of the Option Holder are not diminished or terminated following such amendment.

11.3 Performance Rights

The terms and conditions of the Performance Rights are set out below:

- a. **Defined terms**

In these Terms, the following words have the meaning given to them below:

Accounting Standards means:

 - i. the applicable accounting standards under the Corporations Act (if any), including International Financial Reporting Standards as applied in Australia;
 - ii. to the extent not inconsistent with the accounting standards described in paragraph (i) of this definition, generally accepted accounting principles and practices in Australia consistently applied; and
 - iii. to the extent not inconsistent with the accounting standards described in paragraphs (i) and (ii) of this definition, the standards, requirements and practices consistently applied to Spectur (as the context requires) since its incorporation.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691), or the securities market operated by ASX Limited known as the Australian Securities Exchange, as the context requires.

ASX Listing Rules means the official listing rules of ASX.

Business Day means a day other than a Saturday, Sunday or public holiday in Perth, Western Australia.

Company means Spectur Pty Ltd (ACN 140 151 579).

Corporations Act means the Corporations Act 2001 (Cth).

Financial Statements means Spectur's financial statements for a half financial year or a complete financial year (as applicable) prepared in accordance with the Accounting Standards and either audited or audit reviewed

11. TERMS OF SECURITIES | CONTINUED

- in accordance with the audit requirements applicable to Spectur under the Corporations Act.
- Holder** means the person or entity to whom the Performance Right is granted.
- Incentive Plan** means the Employee Incentive Plan of Spectur.
- Performance Hurdle** means a performance hurdle or milestone specified in paragraph (f) for a Performance Right or any part of a Performance Right.
- Plan Rules** means the rules of the Incentive Plan.
- Revenue** means revenue of Spectur determined by reference to its Financial Statements.
- Share** means a fully paid ordinary share in Spectur.
- Shareholder** means a holder of a Share.
- Terms** means these terms and conditions of grant which apply to the Performance Rights.
- Year 1** means the period commencing on 1 July 2017 and concluding on 30 June 2018.
- Year 2** means the period commencing on 1 July 2018 and concluding on 30 June 2019.
- Year 3** means the period commencing on 1 July 2019 and concluding on 30 June 2020.
- b. **Interpretation**

In these Terms, unless the context otherwise requires:

 - i. If a word or phrase is defined, then its other grammatical forms have a corresponding meaning.
 - ii. The singular includes the plural and vice versa.
 - iii. A reference to a gender includes any gender.
 - iv. A reference to a document includes a variation or replacement of that document.
 - v. A reference to a statute includes its subordinate legislation, proclamations, ordinances and a modification, replacement or re-enactment of the same.
 - vi. A reference to person, includes a reference to an individual, a body corporate, a trust, a partnership, a joint venture an unincorporated body or other entity, whether or not it is a separate legal entity, and the person's successors and assigns.
 - vii. A reference to currency is to the Australian currency unless expressly stated otherwise.
 - viii. A reference to time is to Australian Western Standard Time in Perth, Western Australia.
 - ix. A provision of these Terms must not be construed adversely to a party solely on the ground that the party was responsible for the preparation of these Terms or that provision.
 - x. A heading in these Terms is for convenience only and does not affect interpretation.

- c. **ASX provisions**

References in these Terms to ASX or the ASX Listing Rules apply if Spectur is admitted to the official list of ASX.
- d. **Terms of grant**
 - i. The Performance Rights will be granted by Spectur pursuant to the Incentive Plan on and subject to these Terms and the Plan Rules.
 - ii. To the extent of any inconsistency between these Terms and the Plan Rules, these Terms will prevail.
- e. **Vesting**
 - i. Subject to the Plan Rules, a Performance Right automatically vests in the Holder upon satisfaction of the following conditions precedent (each a **Vesting Condition**) following which the Holder may elect to exercise the Performance Right and receive the relevant Share entitlement:
 - A. the Performance Hurdle for that Performance Rights being achieved or otherwise satisfied; and
 - B. if that Performance Right (or the Shares to be issued on vesting and exercise of the same) is classified by ASX as a "restricted security" subject to ASX imposed escrow restrictions, the expiry of those escrow restrictions.
 - ii. If a Performance Hurdle for a Performance Right is not achieved, that Performance Right will not vest and is not exercisable, subject to these Terms and the Plan Rules.
 - iii. Satisfaction of the Vesting Conditions is to be determined in relation to each class of Performance Rights, subject to these Terms and the Plan Rules.
 - iv. Spectur's determination as to whether a Performance Hurdle has been achieved is, absent manifest error, final and binding.
 - v. The Performance Rights may also vest in any relevant circumstances for vesting set out in the Plan Rules.
- f. **Performance Hurdles and entitlement**
 - i. Subject to any applicable requirements of the ASX Listing Rules, each Performance Right that has vested on achieving the Performance Hurdle in the table below entitles the Holder to exercise the Performance Right and receive one Share for each Performance Right:

11. TERMS OF SECURITIES | CONTINUED

Tranche	Performance Hurdle	Portion of Performance Rights that vest on achieving Performance Hurdle
Tranche 1	The Revenue in Year 1 being at least \$1.75 million. <i>i.e.: Spectur generating at least \$1.75 million in revenue over the 12 month period ended 30 June 2018, determined by reference to Spectur's audited financial statements for the 2017/2018 financial year</i>	33⅓%
Tranche 2	The total Revenue in Year 2 being at least \$3.5 million. <i>i.e.: Spectur generating at least \$3.5 million in revenue over the 12 month period ended 30 June 2019, determined by reference to Spectur's audited financial statements for the 2018/2019 financial year.</i>	33⅓%
Tranche 3	The total Revenue in Year 3 being at least \$7 million. <i>i.e.: Spectur generating at least \$7 million in revenue over the 12 month period ended 30 June 2020, determined by reference to Spectur's audited financial statements for the 2019/2020 financial year.</i>	33⅓%

- ii. Each of Performance Hurdle for a tranche of the Performance Right is a separate and several Performance Hurdle which, upon being achieved, entitles the Holder to exercise

g. Transfer and encumbrances

- i. A Performance Right is not transferrable.
ii. A Holder must not grant or permit any security interest or other encumbrances over a Performance Right.

h. Quotation

If and for the period that Spectur is admitted to the official list of ASX:

- i. **quotation of Performance Rights:** Spectur will not apply for quotation of Performance Rights; and
ii. **quotation of Shares:** if Shares are issued on the vesting and exercise of Performance Rights, Spectur will apply to ASX for official quotation of those Shares.

i. Rights of participation

If and for the period that Spectur is admitted to the official list of ASX:

- i. **New issues**
A. The Holder is not entitled to participate in any new issue to Spectur's shareholders of securities in Spectur unless their Performance Rights have vested and they have exercised those vested Performance Rights before the record date for determining entitlements to the new issue of securities and participate as a result of holding Shares.

- B. Spectur must give the Holder notice of the proposed terms of the issue or offer in accordance with the ASX Listing Rules.

ii. Bonus issues

If Spectur makes a bonus issue of Shares or other securities to shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) (**Bonus Issue**) and a Share has not been issued in respect of the Performance Right before the record date for determining entitlements to the Bonus Issue, then the number of underlying Shares over which the Performance Right is exercisable will be increased by the number of Shares which the Holder would have received if the Performance Right had vested and the Holder had exercised the Performance Right before the record date for determining entitlements to the Bonus Issue.

j. Reorganisation

If and for the period that Spectur is admitted to the official list of ASX:

- i. If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of Spectur (**Reorganisation**), then the rights of the Holder (including the number of Performance Rights to which the Holder is entitled) will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the Reorganisation.
ii. Any calculations or adjustments which are required to be made will be made by Spectur's Directors and will, in the absence of manifest error, be final and conclusive and binding on Spectur and the Holder.

11. TERMS OF SECURITIES | CONTINUED

- iii. Spectur must, within a reasonable period, give to the Holder notice of any change to the Exercise Price of any Performance Rights held by the Holder or the number of Shares which the Holder is entitled to subscribe for on exercise of a Performance Right.

k. Exercise

- i. To exercise a vested Performance Right, the Holder must give Spectur or its securities registry, at the same time:
A. a written exercise notice (in the form approved by the board of Spectur from time to time) specifying the number of vested Performance Rights being exercised and Shares to be issued; and
B. any certificate for those vested Performance Rights.
ii. No amount is payable by the Holder to exercise a vested Performance Right.
iii. The Holder may only exercise vested Performance Rights in multiples of 10,000 Performance Rights unless the Holder exercises all Performance Rights held by the Holder.
iv. Vested Performance Rights will be deemed to have been exercised on the date the exercise notice is lodged with Spectur or its securities registry.
v. Spectur's obligations to the Holder in relation to a vested Performance Right are discharged and satisfied in full upon issuing the Shares for that Performance Right.
vi. Any fractional entitlement to a Share that arises in calculating the number of Performance which have vested on the satisfied of a Milestone will be rounded to the nearest whole number.
vii. Spectur's decision as to whether a Milestone has been satisfied is, in the absence of a manifest error, conclusive and binding on Spectur and the Holder.

l. Expiry and forfeiture

- i. Each Performance Right that has not vested on the last day by which the Performance Hurdle for that class of Performance Rights must be achieved will automatically lapse and terminate.
ii. Each Performance Right that has vested but has not been exercised will automatically lapse and terminate if it is not exercised before 5:00pm (WST) on the earlier of:
A. 31 December of the year in which the Performance Right vested; and
B. the date falling 5 years from the grant of that Performance Right.

- iii. Subject to Rule 7.2 of the Plan Rules, each Performance Right that has not vested, or which has vested but has not been exercised, will automatically lapse and terminate in the circumstances set out in Rule 7 of the Plan Rules.

m. Issue of Shares

- i. If vested Performance Rights are exercised, within 10 days after Spectur receiving a notice of exercise, Spectur must issue the relevant Shares for those Performance Rights to the Holder.
ii. Subject to Spectur's Constitution, all Shares issued in relation to a Performance Right will rank in all respects (including rights relating to dividends) equally with the existing ordinary shares of Spectur at the date of issue.

n. Amendments required by ASX

These Terms may be amended as necessary by Spectur's Board of Directors in order to comply with the ASX Listing Rules (if applicable), or any directions of ASX (if applicable) regarding the Terms, provided that, subject to compliance with the ASX Listing Rules, the economic and other rights of the Holder are not diminished or terminated following such amendment.

o. Governing law

These Terms and the rights and obligations of the Holder are governed by the laws of Western Australia. The Holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia in this respect.



Photo: Spectur HD4 security camera system undergoing final testing.

12. ADDITIONAL INFORMATION

12.1 Remuneration of Directors

Spectur’s Constitution provides that the Directors may be paid for their services as Directors.

The Constitution also provides that Non-Executive Directors may collectively be paid, as remuneration for their services, a fixed sum not exceeding the aggregate maximum set by Shareholders in general meeting. As at the Prospectus Date, the aggregate maximum has been set at \$250,000.

A Director may be paid fees or other amounts as the Directors determine, where a Director performs duties or provides services outside the scope of their normal duties. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

The table below sets out the current cash remuneration of each Director.

Director	Cash remuneration	Non-cash remuneration
Richard Wilkins	\$190,000 per annum (plus superannuation)	20,000,000 Performance Rights
Peter Holton	\$190,000 per annum (plus superannuation)	20,000,000 Performance Rights
Stephen Bodeker	\$35,000 per annum (plus superannuation)	250,000 Existing Options
Andrew Hagen	\$35,000 per annum (plus superannuation)	250,000 Existing Options

Whilst Directors have received non-cash remuneration (e.g. Options), none of the Directors have a future entitlement to any further non-cash remuneration as at the Prospectus Date.

12.2 Security holding interests of Directors

The following table sets out the relevant interest of each Director in the Securities of Spectur at the Prospectus Date.

Director	Shares	Options	Performance Rights
Richard Wilkins	2,157,500	2,100,000	10,000,000
Peter Holton	1,592,500	2,000,000	10,000,000
Stephen Bodeker	Nil	250,000	Nil
Andrew Hagen	Nil	250,000	Nil
Totals	3,750,000	4,600,000	20,000,000

Notes:

1. Richard Wilkins has an indirect interest in 2,000,000 Existing Options held by his company, Space Nominees Pty Ltd, and an indirect interest in 565,000 Shares and 100,000 Options held by his defacto partner, Judy Van Ross.
2. The Performance Rights granted to Richard Wilkins and Peter Holton have been granted under Spectur’s Employee Incentive Plan (refer to Section 10.6).
3. Peter Holton holds 1,520,000 Shares jointly with Sarah Holton. He also has an indirect interest in 22,500 Shares held by his company, Chelsea Brook Pty Ltd.
4. Andrew Hagen has an indirect interest in the Options listed above which are held by his company, Breakwater (WA) Pty Ltd.

12. ADDITIONAL INFORMATION | CONTINUED

12.3 Directors’ participation in the Offers

At the Prospectus Date, each of the Directors (or their respective nominees) may participate in the Offers on the same basis as the general public and subscribe for up to the number of Offer Securities as set out in the following table.

Director	Share Offer (Shares)	Option Offer (Options)
Richard Wilkins	50,000	Nil
Peter Holton	50,000	Nil
Stephen Bodeker	25,000	Nil
Andrew Hagen	25,000	250,000
Totals	150,000	250,000

12.4 Expenses of the Offers

The cash expenses of the Offers are expected to comprise the following estimated costs and are exclusive of any GST payable by Spectur.

Expense	Minimum Subscription ¹	Maximum Subscription ²
ASIC fees	\$2,350	\$2,350
ASX fees	\$55,444	\$56,694
Lead Manager’s stamping fees	\$255,000	\$273,300
Lead Manager success fees	\$50,000	\$50,000
Consultants’/experts’ fees	\$17,500	\$17,500
Legal fees	\$80,000	\$80,000
Promotion, printing, distribution and registry expenses	\$20,000	\$20,000
Miscellaneous fees	\$156	\$156
Totals	\$480,450	\$500,000

Notes:

1. Assumes minimum subscription under the Share Offer and nil subscription under the Option Offer.
2. Assumes full oversubscription of the Offers.
3. GST does not apply to ASIC fees.
4. Non-cash share issue expenses of the Offers include 1,000,000 Shares and 1,000,000 Performance Rights to be issued to Alto Capital, being a deemed non-cash share issue expense of \$200,000, as described in the Investigating Accountants Report.

12. ADDITIONAL INFORMATION | CONTINUED

12.5 Taxation implications

The taxation obligations and the effects of participating in an Offer can vary depending on the circumstances of each individual investor. Applicants who are in doubt as to their taxation position should seek professional advice. It is sole responsibility of Applicants to inform themselves of their taxation position resulting from participation in an Offer.

The Directors do not consider that it is appropriate to give potential Applicants advice regarding the taxation consequences of applying for Offer Securities under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions of potential Applicants.

Neither Spectur nor any of its officers or advisers accepts any responsibility or liability for any taxation consequences to Applicants in relation to the Offers.

12.6 Legal proceedings

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

12.7 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus:

- a. all other persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus do not have, and have not had in the 2 years before the Prospectus Date, any interest in:
 - i. the formation or promotion of Spectur;
 - ii. property acquired or proposed to be acquired by Spectur in connection with its formation or promotion or the Offers; or
 - iii. the Offers; and
- d. amounts have not been paid or agreed to be paid (whether in cash, Securities or otherwise), and other benefit have not been given or agreed to be given, to any of those persons for services provided by those persons in connection with the formation or promotion of Spectur or the Offers.



Photo: Spectur's Image sensor test area

12. ADDITIONAL INFORMATION | CONTINUED

Expert/ advisor	Service or function	Amount paid or to be paid
Alto Capital	Lead Manager to the Offers Corporate advisor	Alto Capital (or its nominees) has been, or will be paid, the following for services related to this Prospectus and the Offers: <ul style="list-style-type: none">• between approximately \$255,000 and \$273,300 (plus GST) in cash as a selling fee;• \$50,000 (plus GST) as corporate advisory fee;• 1,000,000 Shares; and• 1,000,000 Performance Rights. Alto Capital has been paid a total of approximately \$30,000 in the period 2 years prior to the Prospectus Date.
Patenteur	Intellectual Property Report	Patenteur will be paid approximately \$1,800 (plus GST) for preparing the Intellectual Property Report contained in this Prospectus. Patenteur has been paid or is entitled to be paid approximately \$14,236 (plus GST) for patent and trade mark services provided to Spectur in the period 2 years prior to the Prospectus Date.
HLB Mann Judd (WA Partnership)	Investigating Accountant's Report Audit services	HLB Mann Judd will be paid approximately \$10,000 (plus GST) for preparing the Investigating Accountant's Report contained this Prospectus. HLB Mann Judd has been paid or is entitled to be paid approximately \$20,000 (plus GST) for audit services provided to Spectur in the period 2 years prior to the Prospectus Date.
Jackson McDonald (a partnership)	Solicitors to the Offers and general legal services	Jackson McDonald will be paid approximately \$80,000 (plus GST) for services related to this Prospectus and the Offers. In addition to the above amount, Jackson McDonald has been paid or is entitled to be paid approximately \$45,000 (plus GST) for legal services provided to Spectur in the period 2 years prior to the Prospectus Date.
Automic Pty Ltd trading as Automic Registry Services	Securities registry services	Automic Pty Ltd will be paid approximately \$2,000 (plus GST) for services to be provided in relation to receiving and managing subscriptions under the Offers.
Transparency Market Research Private Limited	Market research and analytical services	Transparency Market Research Private Limited will be paid approximately US\$3,000 for preparation of the Market Report.

12. ADDITIONAL INFORMATION | CONTINUED

12.8 Consent statements

The following persons have given their written consent to be named in this Prospectus in the form and context in which they are named and to the inclusion of a statement or report in this Prospectus in the form and context in which it is included:

Party	Capacity in which named	Statement or report in this Prospectus
Alto Capital	Lead Manager	Not applicable
Patenteur	Intellectual Property Advisor	Intellectual Property Report
HLB Mann Judd (WA Partnership)	Investigating Accountant	Investigating Accountant's Report
HLB Mann Judd (WA Partnership)	Auditor	Not applicable
Jackson McDonald (a partnership)	Solicitors to the Offers	Not applicable
Automic Pty Ltd trading as Automic Registry Services	Securities Registry	Not applicable
Cobblestones Corporate Pty Ltd	Company Secretarial Services and Corporate Advisor	Not applicable
Transparency Market Research Private Limited	Market Report Author	Sections 3 (unless marked otherwise) and 12.10

- Each of the parties named above as providing their consent:
- a. did not authorise or cause the issue of this Prospectus;
 - b. does not make, or purport to make, any statement in this Prospectus nor is any statement in this Prospectus based on any statement by any of those parties other than as specified in this Section 12.8; and
 - c. to the maximum extent permitted by law, expressly disclaims any responsibility or liability for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with consent of that party as specified in this Section 12.8.

12.9 Regulatory relief

Spectur has applied for and expects to be granted a waiver by ASX from ASX Listing Rule 1.1 (condition 12) to permit Spectur to have on issue, at the time of its admission to the Official List of ASX, the Performance Rights with an exercise/vesting price of less than \$0.20 each.

12.10 Preparation of Market Report

- a. **About Transparency Market Research**
Transparency Market Research is a market analyst and intelligence company, providing global business information and industry analysis reports and services. It has an experienced team of analysts, researchers, and consultants who use proprietary data sources and various tools and techniques to gather and analyse information.
- b. **Methodology and assumptions**
The Market Report is a report that has been produced by Transparency Market Research in relation to analysis of the actual and estimated global video surveillance and VSaaS market between 2015 to 2025, using 2016 as the base year and 2017 to 2025 as the forecast period. Data for 2015 has been included as historical information.

12. ADDITIONAL INFORMATION | CONTINUED

- The report was prepared on the following basis:
- The report was based upon an existing publication by Transparency Market Research but was customised at Spectur's request to include analysis of the non-powered video security cameras, specifically in relation to the solar security camera markets.
 - The report covers the key prevalent trends and technologies which pay a major role in the growth of the market over the forecast period. It also highlights various drivers, restraints, and opportunities expected to influence the market growth during the said period.
 - The report provides in-depth analysis of the global video surveillance and VSaaS market on the basis of types, components, end-user application and geography.
 - The report considers two types of video surveillance system, being analogue and IP-based systems.
 - The report considers end-user application market segmentation in relation to residential, retail, business, transportation, government building, hospitality, industrial, stadium and other sectors.
 - Macro-economic indicators such as GDP, financial services, industry output, information technology spending, and government regulation have been considered.
 - Information was sourced from government websites and financial reports issued by relevant companies.
 - The global market was calculated by the following process:
 - **stage 1:** in-depth secondary research provided Transparency Market Research with overall market size, top industry players, industry associations, etc;
 - **stage 2:** formulation of a detailed discussion guide in order to conduct expert and industry interviews;
 - **stage 3:** develop a list of industry players and industry experts;
 - **stage 4:** conduct interviews with industry experts and industry players;
 - **stage 5:** validation of data by triangulation method – contribution of primary, secondary and Transparency Market Research's own analysis to determine final data;
 - **stage 6:** analysis of data using Microsoft Excel to identify qualitative and quantitative insights any industries; and
 - **stage 7:** collation of industry insights and information in required format.
 - A 'bottom-up' approach was used to assess market numbers for each region, which helps in understanding the overall market size and share of various revenue streams. It incorporates:
 - **step 1:** market size for each major country, percentage share by component – obtained from primary and secondary research;
 - **step 2:** Market size for each region – addition of revenues for each country in a particular region; and
 - **step 3:** global market – addition of revenues from all the regions.
 - A 'top-down' approach was used to counter validate the numbers reached in the 'bottom-up' analysis.
 - The forecast methodology was as follows:
 - **Category analysis**
 - Evaluation of share of various video surveillance and VSaaS providers using secondary research and data validation through primary interactions.
 - Evaluation of average costs of video surveillance products and software through desk research and data validation through primary interactions.
 - **Spending and trends assessment**
 - Impact of growth drivers, restraints, and opportunities.
 - Market trends.
 - Video surveillance and VSaaS vendors' own growth expectations.
 - Competitive analysis.
 - **Demand scope and sectorial opportunity analysis**
 - Application area survey to understand the demand trends.
 - Estimation of the penetration of video surveillance and VSaaS in various application areas across regions.
 - **Economic envelope analysis**
Estimation of application area growth in different regions and consideration of regional economic growth.

13. AUTHORISATION

This Prospectus is issued by Spectur 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 has not withdrawn that consent.

This Prospectus is signed for and on behalf of Spectur pursuant to a resolution of the Board by:



Richard Wilkins
Executive Chairman

Date: 19 June 2017



Photo: Spectur's HD4 camera system in operation on a event's (Perth Builder's) site

14. GLOSSARY AND TECHNICAL INFORMATION

14.1 Defined terms

In this Prospectus, the following terms have the following meanings:

Applicant	A person who applies for Offer Securities under and in accordance with this Prospectus.
Application	A valid application for Offer Securities offered under this Prospectus.
Application Form	An application form attached to or accompanying this Prospectus.
Application Money	Money received from an Applicant in respect of an Application.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited (ACN 008 624 691) trading as the 'Australian Securities Exchange'.
ASX Settlement	ASX Settlement Pty Ltd (ACN 008 504 532).
ASX Settlement Rules	The official ASX Settlement Operating Rules.
ASX Listing Rules	The listing rules of ASX.
Auditor	HLB Mann Judd (WA Partnership) (ABN 22 193 232 714).
Board	The board of Directors of Spectur.
CHESS	Clearing House Electronic Sub-register System.
Client Surveillance Interface	Has the meaning given to that term in Section 2.3(e).
Closing Date	The date on which the Offers close, being Friday, 21 July 2017 unless closed early or extended.
Company Secretary	The company secretary of Spectur from time to time, being Suzie Jayne Foreman and Japheth Dela Torre at the Prospectus Date.
Constitution	The constitution of Spectur.
Corporations Act	Corporations Act 2001 (Cth).
Director	A director of Spectur from time to time.
Executive Director	The executive Directors of Spectur from time to time, being Richard Wilkins and Peter Holton at the Prospectus Date.
Existing Option	An Option issued by Spectur prior to the Opening Date.
Existing Option Holder	Those persons or entities that are holders of Options as at the Prospectus Date.
Existing Performance Right	A Performance Right issued by Spectur prior to the Opening Date.
Existing Performance Right Holder	Those persons or entities that are holders of Performance Rights as at the Prospectus Date.
Existing Security	An Existing Share or an Existing Option or an Existing Performance Right, as the case may be.
Existing Shareholder	Those persons or entities that are Shareholders of Spectur as at the Prospectus Date and hold Existing Shares.
Existing Share	A Share issued by Spectur prior to the Opening Date.
Exposure Period	The period of 7 days (which may be extended by ASIC to up to 14 days) after lodgement of this Prospectus within which Applications must not be processed by Spectur, in accordance with section 727(3) of the Corporations Act.
Financial Year	The financial year commencing on 1 July and ending on the next 30 June.
Glossary of Terms	This glossary of terms.
Holding Statement	A holding statement for Securities under CHESS or Security Holder Reference Number.
Intellectual Property Advisor	Patenteur Pty Ltd (ACN 159 561 761).
Intellectual Property Report	The report of the Intellectual Property Advisor contained in section 8.
Investigating Accountant	HLB Mann Judd (WA Partnership) (ABN 22 193 232 714).
Investigating Accountant's Report	The report of the Investigating Accountant contained in Section 9.

14. GLOSSARY AND TECHNICAL INFORMATION | CONTINUED

IOT Management Platform	The cloud-based software platform and user interface developed and operated by the Supplier for remote access, use and control of Spectur's security surveillance products and systems, which is accessible through an internet website application or mobile device application.
Issue	The issue of an Offer Security pursuant to this Prospectus.
Lead Manager	ACNS Capital Markets Pty Ltd (ACN 088 503 208) as trustee for the ACNS Unit Trust trading as 'Alto Capital'.
Managing Director	The managing director of Spectur from time to time, being Peter Holton at the Prospectus Date.
Market Report	The report entitled 'Video Surveillance and Video Surveillance as a Service (VSaaS) Market: Global Industry Analysis, Size, Share, Growth, Trends and Forecast, 2017 – 2025', prepared for Spectur by Transparency Market Research and dated April 2017.
Non-Executive Directors	The non-executive Directors of Spectur from time to time, being Stephen Bodeker and Andrew Hagen at the Prospectus Date.
Offer Period	In relation to an Offer, the period between the Opening Date and the Closing Date of that Offer.
Offer Price	The offer price of an Offer Security under this Prospectus.
Offer Securities	A Share or an Option offered under this Prospectus.
Offers	The Share Offer and the Option Offer, or either of those offers, as the context requires.
Opening Date	The date on which the Offers open, being Tuesday, 27 June 2017.
Option	An option to subscribe for a Share on the terms set out in Section 11.2.
Option Holder	A holder of an Option.
Option Offer	The offer to the public of up to 5,500,000 Options at an issue price of \$0.01 each to raise up to \$55,000 (before costs).
Patent Cooperation Treaty or PCT	The Patent Cooperation Treaty signed on 19 June 1970, amended on 28 September 1979, modified on 3 February 1984 and 3 October 2001.
Performance Right	A performance right granted by Spectur on the terms set out in Section 11.2(a).
Prospectus	This prospectus and any supplementary or replacement prospectus.
Prospectus Date	The date this Prospectus was lodged with ASIC, being Monday, 19 June 2017.
Securities	Has the meaning given to that term in section 92(4) of the Corporations Act.
Securities Registry	Automic Pty Ltd (ACN 152 260 814) trading as Automic Registry Services.
Share	A fully paid ordinary share in the capital of Spectur.
Share Offer	The offer to the public of 21,250,000 Shares at an issue price of \$0.20 each to raise up to \$4,250,000 (before costs) with capacity to accept oversubscriptions for a further 1,250,000 Shares to raise up to an additional \$250,000 (before costs).
Shareholder	A holder of a Share.
Spectur	Spectur Limited (ACN 140 151 579).
Transparency Market Research	Transparency Market Research Private Limited and its affiliated entities.
WST	Australian Western Standard Time.

14. GLOSSARY AND TECHNICAL INFORMATION | CONTINUED

14.2 Glossary of technical and industry terminology

The following is an explanation of the various technical and industry terms used in this Prospectus:

3G and 4G	3G and 4G refer to the third and fourth generations respectively of wireless mobile telecommunications technology. Each is a mobile telecommunications standard that allows mobile phones, computers, and other portable electronic devices to access the internet wirelessly. The 3G standard uses a technology called UMTS (Universal Mobile Telecommunications System) as its core network architecture under the IMT-2000 (International Mobile Telecommunications) specifications by the International Telecommunication Union (ITU). 4G is based on the WiMAX or LTE (Long Term Evolution) systems. The 4G standard uses technology compliant with the International Mobile Telecommunications-Advanced requirements set by the ITU.
CCTV	CCTV or closed-circuit television is a television system which transmits signals on a closed system which is not publicly available. It is widely used in relation to security surveillance.
Cloud computing and cloud-based	In cloud computing, the word cloud (also phrased as "the cloud") is used as a metaphor for "the internet," so the phrase cloud computing means "a type of internet-based computing," where different services, such as servers, storage and applications, are delivered to an organisation's computers and devices through the internet.
Hosted or hosting	A computer, usually a server, containing data, files, or programs that another computer can access by means of a network or modem.
Internet of Things or IOT	IOT is a term which describes networking and interconnectivity of physical objects or devices which are embedded with computers, sensors or other electronics capable of collective, transmitting and/or receiving data with a view to enabling remote control through computer-based systems.
Internet Protocol or IP	The Internet Protocol or IP is a communications protocol used to govern and relay data across a computer network (i.e. the internet).
Software-as-a-Service or SaaS	SaaS is a software delivery method that provides access to software and its functions remotely as a web-based service.
Video Software-as-a-Service or VSaaS	VSaaS refers to the method by which software, storage, video management, and analytics solutions for recording and watching CCTV or surveillance images are hosted centrally in a cloud environment (cloud data centres or image servers) and are accessed over the internet.

1. I/We declare that all details and statements made by me/us in this Application Form are complete and accurate.
2. I/We agree to be bound by the Terms & Conditions set out in the Prospectus and by the Constitution of the Company.
3. I/We authorise the Company to complete and execute any documentation necessary to effect the issue of Shares to me/us.
4. I/We have received personally a copy of the Prospectus accompanied by or attached to this Application Form, or a copy of the Application Form or a direct derivative of the Application Form before applying for the Shares.
5. I/We acknowledge that the Company will send me/us a paper copy of the Prospectus and any supplementary prospectus (if applicable) free of charge if I/we request so during the currency of the Prospectus.
6. I/We acknowledge that returning the Application Form with the application monies will constitute my/our offer to subscribe for Shares in the Company and the no notice of acceptance of the application will be provided.

The Prospectus contains important information relevant to your decision to invest in the Company and you should read the entire Prospectus, and any relevant supplementary prospectus (if applicable), carefully before completing the Application Form. If you are in doubt as to how to deal with the Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. To meet the requirements of the *Corporations Act 2001* (Cth), the Application Form must not be handed to any person unless included in, or accompanied by, the Prospectus and any relevant supplementary prospectus (whether in paper or electronic form).

There is no maximum number of Shares that you may apply for. The Company reserves the right to refuse a completed Application Form. If an Application Form is not completed correctly or if the accompanying payment is for an incorrect amount, it may be treated by the Company as valid at its discretion.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials.	Mr John Richard Sample	J R Sample
Company Use the company's full title, not abbreviations.	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings Use full and complete names.	Mr John Richard Sample and Mrs Anne Sample	John Richard and Anne Sample
Trusts Use the trustee(s) personal name(s). Do not use the name of the trust.	Mr John Richard Sample <Sample Family A/C>	John Sample Family Trust
Superannuation Funds Use the name of the trustee(s) of the super fund.	Mr John Sample & Mrs Anne Sample <Sample Family Super A/C>	John & Anne Superannuation Fund
Partnerships Use the partners' personal names. Do not use the name of the partnership.	Mr John Sample & Mr Richard Sample <Sample & Son A/C>	John Sample & Son
Clubs/Unincorporated Bodies Use the office bearer's personal name.	Mr John Sample < Food Help Club A/C>	Food Help Club
Deceased Estates Use the executor(s) personal name(s).	Mr John Sample <Estate Late Anne Sample A/C>	Anne Sample (Deceased)
Minor (a person under the age of 18) Use the name of a responsible adult with an appropriate designation.	Mr John Sample <Michael Sample A/C>	Master Michael Sample

Enter your postal address for all correspondence. Only one address can be recorded against a holding. With the exception of the Company's annual reports, all communications to you from the Company will be mailed to the person(s) and address as shown. The Company's annual reports will be made available on the Company's website when they are released.

Enter a contact telephone number and email address. These details are not compulsory. By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible).

The Company intends to become an Issuer Sponsored participant in the ASX CHESS System. This enables a holder to receive a statement of holding rather than a certificate. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold Shares allotted to you under this application on the CHESS subregister, enter your CHESS HIN. Otherwise leave the section blank and on allotment you will be sponsored by the Company and a "Securityholder Reference Number" (SRN) will be allocated to you.

If you wish to have your Tax File Number, ABN or Exemption Code registered against your holding, please enter the relevant details. These details are not compulsory.

Enter the number of Shares you wish to apply for. Your application must be for a minimum of 10,000 Shares (A\$2,000). Applications for greater than 10,000 Shares must be in multiples of 1,000 Shares (A\$200).

Enter the relevant application payment. To calculate this amount, multiply the number of Shares applied for by the issue price per Share which is A\$0.20.

Enter the full name you wish to appear on the Company's securities register.

Registration	Incorrect Form of Registration
Sample	J R Sample
	ABC P/L or ABC Co
Sample and Mrs Anne Sample	John Richard and Anne Sample
Sample	John Sample Family Trust
Sample Anne Sample Sample A/C>	John & Anne Superannuation Fund
Sample Richard Sample	John Sample & Son
	Food Help Club
Sample A/C>	Anne Sample (Deceased)
	Master Michael Sample

All cheques should be made payable to "Spectur Ltd Subscription Account" and drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable".

Cheques or bank drafts drawn on overseas banks in Australian or any foreign currency will NOT be accepted. Any such cheques will be returned and the acceptance deemed to be invalid. Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured.

Completed Application Forms and cheques or money orders must be:

Hand delivered to:	Posted to:
Spectur Limited	Spectur Limited
c/- Alto Capital	c/- Alto Capital
Ground Floor	PO Box 248
16 Ord Street,	West Perth, WA 6872
West Perth, WA 6005	

Enquiries in respect of this Application Form should be addressed to the Lead Manager Alto Capital, on (08) 9223 9888 (if calling within Australia) or +61 8 9223 9888 (if calling from outside of Australia).



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This application relates to the offer by Spectur Limited (ACN 140 151 579) (**Company**) of options to subscribe for fully paid ordinary shares in the Company with an exercise price of \$0.20 and an expiry date of 31 December 2020 (**Options**), at an issue price of \$0.01 per Option pursuant to the Prospectus issued by the Company dated 19 June 2017 (**Prospectus**). Please complete the below Application Form, attach your cheque or money order and forward your application in accordance with the instructions on the reverse of this Application Form.

1. Number of Options applied for

Application payment (multiply box 1 by \$0.01)

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Applications must be for a minimum of 2,500 Options (A\$25), and thereafter in multiples of 2,500 Options (A\$25)

Name of Applicant 1

[illegible][illegible]

Name of Applicant 3 or <Account Designation>

[illegible]

Unit / Street Number / Street name or PO Box

[illegible][illegible]

Suburb/Town																State			Postcode			

[illegible]

Telephone Number

Contact Name (PLEASE PRINT)

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Email Address

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible).

Applicant #1

Applicant #2

Applicant #3

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If NOT an individual TFN/ABN, please note the type in the box C = Company; P = Partnership; T = Trust; S = Super Fund

Declaration and Statements:

1. I/We declare that all details and statements made by me/us in this Application Form are complete and accurate.
2. I/We agree to be bound by the Terms & Conditions set out in the Prospectus.
3. I/We authorise the Company to complete and execute any documentation necessary to effect the issue of Options to me/us.
4. I/We have received personally a copy of the Prospectus accompanied by or attached to this Application Form, or a copy of the Application Form or a direct derivative of the Application Form before applying for the Options.
5. I/We acknowledge that the Company will send me/us a paper copy of the Prospectus and any supplementary prospectus (if applicable) free of charge if I/we request so during the currency of the Prospectus.
6. I/We acknowledge that returning the Application Form with the application monies will constitute my/our offer to subscribe for Options in the Company and that no notice of acceptance of the application will be provided.

INSTRUCTIONS FOR COMPLETING THE APPLICATION FORM

The Prospectus contains important information relevant to your decision to invest in the Company and you should read the entire Prospectus, and any relevant supplementary prospectus (if applicable), carefully before completing the Application Form. If you are in doubt as to how to deal with the Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. To meet the requirements of the *Corporations Act 2001* (Cth), the Application Form must not be handed to any person unless included in, or accompanied by, the Prospectus and any relevant supplementary prospectus (whether in paper or electronic form).

By lodging this Application Form, the applicant(s) agree(s), upon and subject to the terms of the Prospectus, to take any number of Options equal to or less than the number of Options indicated on the Application Form that may be allotted to the applicant(s) pursuant to the Prospectus and declare(s) that all details of statements made in the Application Form are complete and accurate.

There is no maximum number of Options that you may apply for. The Company reserves the right to refuse a completed Application Form. If an Application Form is not completed correctly or if the accompanying payment is for an incorrect amount, it may be treated by the Company as valid at its discretion.

There is no requirement to sign the Application Form.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials.	Mr John Richard Sample	J R Sample
Company Use the company's full title, not abbreviations.	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings Use full and complete names.	Mr John Richard Sample and Mrs Anne Sample	John Richard and Anne Sample
Trusts Use the trustee(s) personal name(s). Do not use the name of the trust.	Mr John Richard Sample <Sample Family A/C>	John Sample Family Trust
Superannuation Funds Use the name of the trustee(s) of the super fund.	Mr John Sample & Mrs Anne Sample <Sample Family Super A/C>	John & Anne Superannuation Fund
Partnerships Use the partners' personal names. Do not use the name of the partnership.	Mr John Sample & Mr Richard Sample <Sample & Son A/C>	John Sample & Son
Clubs/Unincorporated Bodies Use the office bearer's personal name.	Mr John Sample < Food Help Club A/C>	Food Help Club
Deceased Estates Use the executor(s) personal name(s).	Mr John Sample <Estate Late Anne Sample A/C>	Anne Sample (Deceased)
Minor (a person under the age of 18) Use the name of a responsible adult with an appropriate designation.	Mr John Sample <Michael Sample A/C>	Master Michael Sample

Section 2 – Postal address

Enter your postal address for all correspondence. Only one address can be recorded against a holding. With the exception of the Company's annual reports, all communications to you from the Company will be mailed to the person(s) and address as shown. The Company's annual reports will be made available on the Company's website when they are released.

Section 3 – Contact Details

Enter a contact telephone number and email address. These details are not compulsory. By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible).

Section 4 – TFN/ABN/Exemption Code

If you wish to have your Tax File Number, ABN or Exemption Code registered against your holding, please enter the relevant details. These details are not compulsory.

HOW TO COMPLETE THE APPLICATION FORM

Section 1 – Number of Options applied for

Enter the number of Options you wish to apply for. Your application must be for a minimum of 2,500 Options (A\$25). Applications for greater than 2,500 Options must be in multiples of 2,500 Options (A\$25).

Section 1 – Application payment

Enter the relevant application payment. To calculate this amount, multiply the number of Options applied for by the issue price per Option which is A\$0.01.

Section 2 – Applicant name(s)

Enter the full name you wish to appear on the Company's securities register.

Note that ONLY legal entities can hold Options. The application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of the correct forms of registrable names below. Application Forms which do not comply with these requirements may not be accepted by the Company.

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PAYMENT INSTRUCTIONS

All cheques should be made payable to “Spectur Ltd Subscription Account” and drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable". Cheques or bank drafts drawn on overseas banks in Australian or any foreign currency will NOT be accepted. Any such cheques will be returned and the acceptance deemed to be invalid. Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured. Do not forward cash as receipts will not be issued.

LODGEMENT INSTRUCTIONS

Completed Application Forms and cheques or money orders must be:

Hand delivered to:	Posted to:
Spectur Limited c/- Alto Capital Ground Floor 16 Ord Street, West Perth, WA 6005	Spectur Limited c/- Alto Capital PO Box 248 West Perth, WA 6872

Applications must be received by no later than **5.00pm (WST) on Friday 21 July 2017**. The Company and the Lead Manager may elect to extend the Offer Period or close the Offer Period early, without further notice. Applicants are therefore encouraged to submit their applications as soon as possible.

Enquiries in respect of this Application Form should be addressed to the Lead Manager Alto Capital, on (08) 9223 9888 (if calling within Australia)
or +61 8 9223 9888 (if calling from outside of Australia).

PRIVACY STATEMENT: The personal information you provide on this form is collected by Automic Pty Ltd trading as 'Automic Registry Services' (Automic), as the Company's securities registry, for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information will be handled in accordance with Automic's Privacy Policy, a copy of which is available on its website at www.automic.com.au. Your personal details may be disclosed to related bodies corporate, external service providers such as mail and print providers, and as otherwise required or permitted by law. If you would like details of your personal information held by Automic, or you would like to correct information that is inaccurate, please send your request in writing to Automic Pty Ltd trading as 'Automic Registry Services', PO Box 2226, Strawberry Hills, New South Wales 2012.

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