

Advanced Braking Technology Limited

ACN 099 107 623

OFFER DOCUMENT

For an accelerated non-renounceable pro-rata entitlement offer to Eligible Retail Shareholders of up to 521,652,981 New Shares at an issue price of 0.2 cents per New Share on the basis of one (1) New Share for every three (3) Existing Shares held, to raise up to approximately \$1,043,306 (before costs) based on shares currently on issue ('**Retail Entitlement Offer**') and in addition to the 219,720,665 New Shares subscribed for under the Institutional Entitlement Offer completed on 7 August 2018 which raised approximately \$439,441.

Eligible Retail Shareholders may also apply for the Shortfall under the Additional Offer.

Important notice

THE RETAIL ENTITLEMENT OFFER OPENS ON 10 AUGUST 2018 AND CLOSES AT 5.00PM (WST) ON 22 AUGUST 2018. VALID APPLICATIONS MUST BE RECEIVED BEFORE THAT TIME.

PLEASE READ THE INSTRUCTIONS IN THIS OFFER DOCUMENT AND ON THE ACCOMPANYING ENTITLEMENT AND ACCEPTANCE FORM REGARDING THE ACCEPTANCE OF YOUR ENTITLEMENT UNDER THE RETAIL ENTITLEMENT OFFER.

THIS IS AN IMPORTANT DOCUMENT WHICH REQUIRES YOUR IMMEDIATE ATTENTION AND SHOULD BE READ IN ITS ENTIRETY. IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR STOCKBROKER, ACCOUNTANT, SOLICITOR, OR OTHER PROFESSIONAL ADVISER.

AN INVESTMENT IN THE SECURITIES OFFERED BY THIS OFFER DOCUMENT SHOULD BE CONSIDERED HIGHLY SPECULATIVE IN NATURE. PLEASE READ THE RISKS SECTION CAREFULLY WHEN YOU CONSIDER YOUR INVESTMENT.

NOT FOR RELEASE OR DISTRIBUTION INTO THE UNITED STATES OR IN ANY JURISDICTION WHERE THIS DOCUMENT DOES NOT COMPLY WITH THE RELEVANT REGULATIONS.

IMPORTANT INFORMATION

General

This offer document (Offer Document) is issued pursuant to section 708AA of the *Corporations Act* (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84) for the offer of New Shares without disclosure to investors under Part 6D.2 of the *Corporations Act*. This Offer Document has been prepared by the Company and was lodged with ASX on 7 August 2018. ASX takes no responsibility for the content of this Offer Document.

This Offer Document is not a prospectus and does not contain all of the information that an investor would find in a prospectus or which may be required by an investor in order to make an informed investment decision regarding, or about the rights attaching to, New Shares. Nevertheless, this Offer Document contains important information and requires your immediate attention. It should be read in its entirety. If you are in any doubt as to how to deal with this Offer Document, you should consult your professional adviser as soon as possible.

No person or entity is authorised to give any information or to make any representation in connection with the Offers which is not contained in this Offer Document. Any information or representation not contained in this Offer Document should not be relied on as having been made or authorised by the Company or the Directors in connection with the Offers.

No updates to Offer Document

The information in this Offer Document may not be complete and may be changed, modified or amended at any time by the Company, and is not intended to, and does not, constitute representations and warranties of the Company. Except as required by law or regulation, neither the Company, nor any other adviser of the Company intends to update this Offer Document or accepts any obligation to provide the recipient with access to information or to correct any additional information or to correct any inaccuracies that may become apparent in the Offer Document or in any other information that may be made available concerning the Company. Potential investors should conduct their own due diligence investigations regarding the Company.

Overseas Shareholders

This Offer Document does not, and is not intended to, constitute an offer of New Shares in any jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer or to issue this Offer Document.

The Offers are not being extended, and New Shares will not be issued, to Shareholders with a registered address which is outside Australia, New Zealand or Singapore.

Entitlement Offer

Number of New Shares to be issued under the Institutional Entitlement Offer	219,720,665
Number of New Shares to be issued based on shares currently on issue under the Retail Entitlement Offer	521,652,981
Total New Shares	741,373,646
Issue Price	0.2 cents
Gross proceeds (approximately)	\$1,482,747.29
Costs of Entitlement Offer *	\$148,542.84
Total net proceeds of the Capital Raising*(approximately)	\$1,334,205.45

* Estimate as at the date of this Entitlement Offer, and assumes that the Entitlement Offer is fully subscribed

Key dates* for investors

Announcement of Entitlement Offer	2 August 2018
Institutional Offer Opens	2 August 2018
Suspension of securities	6 August 2018
Announcement of results of Institutional Entitlement Offer	7 August 2018
Normal trading commences	
Record Date for Retail Entitlement Offer (5:00pm WST)	
Retail Entitlement Offer opens (9:00am WST)	10 August 2018
Issue of New Shares under Institutional Entitlement Offer	
Despatch of Offer Document to Eligible Retail Shareholders	
Quotation of New Shares under Institutional Entitlement Offer	13 August 2018
Last day to extend Retail Entitlement Offer	17 August 2018
Retail Entitlement Offer closes (5.00pm WST)	22 August 2018
Announcement of results of Retail Entitlement Offer	27 August 2018
Issue of New Shares under Retail Entitlement Offer (Retail Settlement Date)	29 August 2018
Quotation of New Shares under Retail Entitlement Offer	30 August 2018
Despatch of holding statements for New Shares under the Retail Entitlement Offer	31 August 2018

*The dates set out in the above table are subject to change and are indicative only. The Company reserves the right to alter this timetable at any time, subject to the Corporations Act and the Listing Rules, without notice. The Directors, subject to the requirements of the Listing Rules and the Corporations Act, may extend the period of the Entitlement Offer or the Additional Offer or bring forward the Closing Date at their discretion. This may have a consequential effect on the other dates. Investors are encouraged to submit their Entitlement and Acceptance Forms as soon as possible.

Important notice

This Offer Document is dated 7 August 2018 and was lodged with the ASX on that date. The information contained in this Offer Document is important and should be read in its entirety prior to making an investment decision. If you do not fully understand this Offer Document or are in any doubt as to how to deal with it, you should consult your professional advisor. In particular, in considering whether or not to invest in the New Shares, it is important that you consider the risk factors summarised in Section 2 of this Offer Document that could affect the financial performance and position of the Company in light of your investment objectives, financial situation and particular needs

(including financial and tax issues), and seek investment advice from your stockbroker, accountant or other professional advisor.

The Entitlement Offer and the Additional Offer made pursuant to this Offer Document is for a rights issue of continuously quoted securities (as defined in the *Corporations Act*) of the Company. This Offer Document is not a disclosure document for the purposes of Chapter 6D of the *Corporations Act* and the information in this Offer Document does not constitute a securities recommendation or financial product advice.

The Company is offering the securities under this Offer Document pursuant to section 708AA of the *Corporations Act* (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84) for the offer of New Shares without disclosure to investors under Part 6D.2 of the *Corporations Act*. In broad terms, section 708AA of the *Corporations Act* relates to rights issues by certain entities that do not require the provision of a prospectus or other offer document. Accordingly, this Offer Document does not contain all of the information which a prospective investor may require to make an investment decision or which would otherwise be required under Australian law or any other law to be disclosed in a prospectus. Eligible Shareholders should consider all relevant facts and circumstances, including their knowledge of the Company and disclosures made to the ASX and should consult their Stockbroker, Accountant or other professional advisors before deciding whether to accept the Entitlement Offer or participate in the Additional Offer. Announcements made by the Company to the ASX are available from the ASX website: www.asx.com.au.

The information in this Offer Document may not be complete and may be changed, modified or amended at any time by the Company, and is not intended to, and does not, constitute representations and warranties of the Company. Except as required by law or regulation, neither the Company, nor any other adviser of the Company intends to update this Offer Document or accepts any obligation to provide the recipient with access to information or to correct any additional information or to correct any inaccuracies that may become apparent in the Offer Document or in any other information that may be made available concerning the Company. Potential investors should conduct their own due diligence investigations regarding the Company.

Securities will only be issued on the basis of this Offer Document in accordance with the terms set out in this Offer Document.

As at the date of this Offer Document, the Company has complied with:

- (a) the provisions of Chapter 2M of the *Corporations Act*, as they apply to the Company; and
- (b) section 674 of the *Corporations Act*.

This Offer Document does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person whom, it would not be lawful to make such an offer or issue this Offer Document. The Entitlement Offer is made only to those Shareholders who are Shareholders on the Record Date and who have registered addresses in Australia, New Zealand or Singapore (**Eligible Shareholders**), and only Eligible Shareholders will be offered New Shares.

A number of terms and abbreviations used in this Offer Document have defined meanings, which are explained in the "Definitions and Glossary" at Section 7.

Money as expressed in this Offer Document is in Australian dollars unless indicated otherwise.

No excluded information

As at the date of this Offer Document the Company is not aware of any excluded information of the kind which would require disclosure in this Offer Document pursuant to sections 708AA (8) and (9) of the *Corporations Act*.

Foreign Shareholders

The Company has decided that it is unreasonable to make offers under the Entitlement Offer or the Additional Offer to Shareholders who are Shareholders on the Record Date but with registered

addresses outside of Australia, New Zealand or Singapore (**Ineligible Shareholders**), having regard to the number of Shareholders in those places, the number and value of the New Shares that they would be offered and the cost of complying with the legal and regulatory requirements in those places. Accordingly, the Entitlement Offer and the Additional Offer are not being extended to, and do not qualify for distribution or sale by or to, and no New Shares will be issued, to Shareholders having registered addresses outside Australia, New Zealand or Singapore.

The Company has not made any investigation as to the regulatory requirements that may prevail in the countries outside of Australia, New Zealand and Singapore in which Shareholders may reside. The distribution of this Offer Document in jurisdictions other than Australia, New Zealand and Singapore may be restricted by law and any failure to comply with such restrictions might constitute a violation of applicable securities laws.

In any event, the Entitlement Offer and the Additional Offer are only made to and may only be accepted by Eligible Shareholders. No offer is made pursuant to this document in any place which, or to any person to whom, it would be unlawful to make such an offer.

New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing Shareholders with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

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

Singapore

This Offer Document and any other materials relating to the Entitlement Offer and the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Offer Document and any other documents or materials in connection with the offer or sale, or invitation for subscription or purchase, of the New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Offer Document has been given to you on the basis that you are (i) an existing holder of the Company's Shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this Offer Document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

No representations

No person is authorised to give any information or to make any representation in connection with the Entitlement Offer which is not contained in this Offer Document. Any information or representation in connection with the Entitlement Offer not contained in this Offer Document may not be relied on as having been authorised by the Company or its officers.

This Offer Document does not provide investment advice or advice on the taxation consequences of accepting the Entitlement Offer or the Additional Offer. The Entitlement Offer, the Additional Offer and the information in this Offer Document, do not take into account your investment objectives, financial situation and particular needs (including financial and tax issues) as an investor.

Future performance

Except as required by law, and only to the extent so required, neither the Company nor any other person warrants the future performance of the Company or any return on any investment. Investors should note that past share price performance of the Company provides no guidance as its future share price performance.

The forward looking statements in this Offer Document are based on the Company's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and its Directors that could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Offer Document. Investors should specifically refer to the key risks identified by the Company are outlined in Section 2 of this Offer Document. That section refers to some but not all of the matters that may cause actual results to differ from the position stated in any forward looking statement in this Offer Document.

Disclaimer

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

Baker Young Stockbrokers Limited and Harris Carlson Lawyers have each provided, and not withdrawn, their respective consent to be named in this Offer Document in the form and context in which they are named.

In particular, Baker Young Stockbrokers Limited (as Lead Manager) and Harris Carlson Lawyers (as legal advisor), and their respective related bodies corporate, directors, employees or agents:

- have not authorised, permitted or caused the issue, lodgement, submission, dispatch or provision of this document;
- do not make, or purport to make, any statement in this document and there is no statement in this document which is based on any statement by them; and
- to the maximum extent permitted by law, expressly disclaim all liability in respect of, make no representations regarding, and take no responsibility for, any part of this document.

Neither ASX nor ASIC takes any responsibility for the contents of this Offer Document.

Privacy

The Company and the Share Registry have already collected certain personal information from you as a Shareholder. If you submit an Application, you will be providing personal information to the Company (directly or via the Share Registry). The Company collects, holds and will use that information to assess your Application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration. The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies (including the Australian Taxation Office), authorised securities brokers, print service providers, mail houses and the Share Registry.

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

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

Governing Law

This Offer Document and the contracts formed on acceptance of Applications are governed by the laws applicable in Western Australia. Each Applicant for New Shares submits to the non-exclusive jurisdiction of the courts of Western Australia.

Deciding to accept the Entitlement Offer and/or the Additional Offer

Please read this document carefully before you make a decision to invest. An investment in the Company has a number of specific risks which you should consider before making a decision to invest. Some of these risks are summarized in Section 2 of this Offer Document. This Offer Document is an important document and you should read it in full before deciding whether to invest pursuant to the Entitlement Offer and the Additional Offer. You should consider whether such an investment, and the information contained in this Offer Document, is appropriate to your particular needs, having regard to your individual risk profile for speculative investments, investment objectives and individual financial circumstances. You should consult your professional adviser without delay. You should also have regard to other publicly available information about the Company, including ASX announcements, which can be found at the Company's website: www.advancedbraking.com or the ASX website: www.asx.com.au.

By applying for New Shares pursuant to the Entitlement Offer and/or the Additional Offer, you acknowledge that you have received and read this Offer Document, you have acted in accordance with the terms of the Entitlement Offer and the Additional Offer detailed in this Offer Document and you agree to all the terms and conditions as detailed in this Offer Document.

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Rights Issue Offer Document

Pursuant to s708AA *Corporations Act*

Chairman's Letter

Dear Shareholder

The Advanced Braking Technology Limited Board of Directors is pleased to offer all its Eligible Retail Shareholders the opportunity to participate in an accelerated pro-rata non-renounceable rights issue on the basis of one (1) New Share for every three (3) existing Shares held by Shareholders on the Record Date at an issue price of \$0.002 (0.2 cents) per New Share to raise approximately \$1.04 million before costs (Retail Entitlement Offer) in addition to the \$0.44 million already raised under the Institutional Entitlement Offer. The issue price of the New Shares represents a 50% discount to the 19 July 2018 30-day VWAP.

Eligible Shareholders may also apply for New Shares in excess of their Entitlement at the same price of \$0.002 (0.2 cents) per New Share under the Additional Offer.

Planning Future Growth - Our Strategic Plan

The Company recently reviewed its Strategic Plan relative to the prior year's outcomes and sought out to draw a bold five-year plan going forward, assertively driving growth both within the Australian Mining Market as well as globally. The Company's Strategic Plan from this year forward is about developing the business for the long-term future through creating Sustainable Growth, continuing to drive Innovation and building Organisational Capability.

In January 2018 Advanced Braking Technology successfully launched the Terra Dura® polymer encased brake in the Australian Mining market. We had strong initial uptake by blue-chip miners. Over the next year the Company will be focusing on the full roll-out of Terra Dura® in Australia.

We see significant opportunity across Europe, in particular for Terra Dura® in Isuzu applications. There is also interest from other European Distributors in Germany and Eastern Europe.

To tap into the immense revenue potential of the Canadian mining market the Company will be commencing application work for accelerated growth opportunities in the Canadian mining market in the third quarter of FY19.

In addition, we have identified significant opportunities across the vast Chilean mining market for both our Terra Dura® and Failsafe products.

The focused approach over the 2019 Financial Year, which capitalises on the successful launch of Terra Dura® and the proven track record of Failsafe will set the foundations for substantial growth we are anticipating over the next five years. Advanced Braking Technology's growth journey will establish the Company's diversified products and services range across an international mining market and - where it makes sense - into new markets. The Board believes this will create significant long-term Shareholder value.

As an endorsement of our commitment to the Company, the Directors who were eligible to participate in the Institutional Entitlement Offer have taken up their full entitlement. The Chairman and Chief Executive Offer intend to subscribe for shortfall in the Retail Entitlement Offer.

The Board thanks all Shareholders for their continuing interest and ongoing support.

Yours faithfully,

Dagmar Parsons

Rights Issue Offer Document

Pursuant to s708AA *Corporations Act*

1. Offer details

1.1 The Entitlement Offer

The Company is making a non-renounceable pro-rata offer of up to 741,373,646 New Shares at an issue price of 0.2 cents each per New Share, on the basis of 1 New Share for every 3 Existing Shares held, to raise approximately \$1,482,747 (before costs) (**Entitlement Offer**).

The Entitlement Offer is being made pursuant to section 708AA of the *Corporations Act* (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84).

The Entitlement Offer is comprised of two components:

- (a) **Institutional Entitlement Offer** - eligible institutional Shareholders were given the opportunity to take up all or part of their Entitlement. Entitlements not taken up under the Institutional Entitlement Offer will add to the available allocation of shortfall. This process was completed on 7 August 2018 and raised \$0.44 million with the subscription of 219,720,665 New Shares.
- (b) **Retail Entitlement Offer** - Eligible Retail Shareholders, who are Shareholders on the Record Date, will be allotted Entitlements under the Retail Entitlement Offer which can be taken up in whole or in part. Entitlements under the Retail Entitlement Offer are also non-renounceable. 521,652,981 New Shares are offered under the Retail Entitlement Offer.

On the same date as announcing the Entitlement Offer, the Company applied to the ASX for the New Shares to be granted official quotation on the ASX. Official quotation of the Institutional Entitlement Offer New Shares is expected to occur on or about 13 August 2018. Official quotation of the Retail Entitlement Offer New Shares is expected to occur on or about 30 August 2018.

The Entitlement Offer is an offer to Eligible Shareholders only. The issue price of 0.2 cents each per New Share represents a 50% discount to the 30-day volume-weighted average Share price of 0.4 cents as at 19 July 2018. Fractional Entitlements will be rounded up to the nearest whole number of New Shares.

The Entitlement Offer is non-renounceable. Accordingly, Entitlements do not trade on the ASX, and nor can they be transferred or otherwise disposed of. If you choose not to take up your rights under the Entitlement Offer, you will not receive the benefits under the Entitlement Offer and your shareholding in the Company will be diluted as a result.

An Entitlement and Acceptance Form setting out your Entitlement accompanies this Offer Document. Eligible Shareholders may subscribe for all or part of their Entitlement.

A number of terms and abbreviations used in this Offer Document have defined meanings, which are explained in the "Definitions and Glossary" at Section 7.

1.2 Institutional Entitlement Offer

On 7 August 2018, the Company successfully completed the Institutional Entitlement Offer to raise approximately \$0.44 million at an issue price of 0.2 cents per New Share. New Shares are expected to be issued under Institutional Entitlement Offer on 10 August 2018 with official quotation expected on 13 August 2018.

1.3 The Retail Entitlement Offer

Eligible Retail Shareholders are now, pursuant to the Retail Entitlement Offer component of the Entitlement Offer, being invited to subscribe for one New Share for every three Shares held on the Record Date at the Offer Price of 0.2 cents per New Share.

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Pursuant to s708AA *Corporations Act*

The offer ratio and offer price for New Shares under the Retail Entitlement Offer are the same as for the Institutional Entitlement Offer.

The Retail Entitlement Offer opens on 10 August 2018 and will close at 5.00pm (WST) on 22 August 2018 (unless extended or withdrawn).

1.4 **Shortfall**

If any Eligible Shareholders do not take up their full Entitlement under this Entitlement Offer, the New Shares that are not taken up will form the Shortfall.

Eligible Retail Shareholders may, in addition to applying for their Entitlement, apply for Additional Shares.

The Additional Offer is a separate offer pursuant to this Offer Document. The issue price of the New Shares to be issued pursuant to the Additional Offer is 0.2 cents each.

Eligible Retail Shareholders who want to apply for Additional Shares should insert the number of Shortfall Shares that they want to apply for in the appropriate section of the Entitlement and Acceptance Form. Any Shortfall Shares that are applied for must be paid for at the same time and in the same way that the New Shares to be issued pursuant to the acceptance of Entitlements are paid for.

Notwithstanding any application received in response to the Additional Offer, the Directors may at their complete and absolute discretion place the Shortfall with any third party.

There is no guarantee that Eligible Retail Shareholders will receive any or all of the Additional Shares that are applied for. It is an express term of the Additional Offer that Eligible Retail Shareholders may receive no allocation of Additional Shares applied for, and if any New Shares are allotted in response to an application under the Additional Offer, the relevant Eligible Retail Shareholders must accept any such lesser number of Additional Shares (being lesser than the number actually applied for) as are issued in response to such an application.

Any money paid for Additional Shares that are not issued to an Eligible Retail Shareholder who applies for them will be returned to the Eligible Retail Shareholder without interest.

Additional Shares that are issued to Eligible Retail Shareholders will be issued at the same time as the New Shares to be issued pursuant to the acceptance of Entitlements.

Section 606(1) of the *Corporations Act* prohibits a person from increasing their voting power in the Company:

- (a) from 20% or below to above 20%; or
- (b) at all if they are at a starting point of above 20% and below 90%.

Accordingly, if you are an Eligible Retail Shareholder who wants to apply for New Shares, it is your responsibility to ensure that if you are issued with New Shares you will not be in breach of section 606(1) of the *Corporations Act*. If you are in any doubt as to the consequences of applying for New Shares, you should seek independent legal advice. The Company expressly disclaims any responsibility for ensuring that you do not breach section 606(1) of the *Corporations Act* as a result of applying for New Shares (see also section 2.3(f)).

1.5 **Eligibility of Shareholders**

This Capital Raising is being offered to all Eligible Shareholders only.

Eligible Shareholders are Shareholders on the Record Date who have a registered address in Australia, New Zealand or Singapore or who are Shareholders that the Company has otherwise determined are eligible to participate.

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This Capital Raising is not being extended to the Ineligible Shareholders because of the small number of such Shareholders, the number and value of Shares that they hold and the cost of complying with the applicable regulations in jurisdictions outside Australia, New Zealand and Singapore.

In particular this Capital Raising is not made in the United States or to persons (including nominees or custodians) acting for the account or benefit of a person in the United States, or to any person who is ineligible under applicable securities laws in any country to receive an offer under this Capital Raising without any requirement for a prospectus to be lodged or registered.

1.6 **Placement**

Notwithstanding any application received in response to the Additional Offer, the Directors may at their complete and absolute discretion place the Shortfall with any third party. The Directors will attempt to place those New Shares within 3 months of the Closing Date as permitted by Exception 3 to Listing Rule 7.1 and Listing Rule 7.1A, set out in Listing Rule 7.2.

1.7 **Investment risks**

Eligible Shareholders should be aware that an investment in the Company is subject to investment and other known and unknown risks, including possible loss of income and principal invested. A number of these risks are specific to the Company and the industry in which it operates. Some of the key risks identified by the Company are outlined in Section 2 of this Offer Document. However, these risks should not be taken to be exhaustive of the risks faced by the Company or its Shareholders. Those risk factors referred to Section 2, and others not specifically referred to in Section 2, may materially affect the financial performance of the Company and the value of its Shares in the future.

The Company has implemented strategies, actions, systems and safeguards for known risks. However, some risks are beyond its control. Consequently, the prevailing price or value of New Shares issued under the Entitlement Offer may be more or less than the Issue Price.

In any event, the Company does not guarantee any particular rate of return, the performance of the Company, the payment of any dividends, the repayment of capital from the Company, any price for the Company's Shares or any particular tax treatment.

1.8 **Minimum subscription**

There is no minimum subscription to the Entitlement Offer or the Additional Offer.

1.9 **New Share terms**

Each New Share will rank equally in all respects with all Existing Shares then on issue. Full details of the rights and liabilities attaching to the Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

1.10 **Lead Manager**

Baker Young Stockbrokers Limited has been appointed as the Lead Manager to the Capital Raising. Further details of the terms of appointment of the Lead Manager are set out in section 6.6. The Capital Raising is not underwritten.

1.11 **Proposed use of funds**

The Company intends to use the net proceeds from the Entitlement Offer to:

- (a) provide working capital to assist in the rollout of the Company's "Terra Dura" product (following successful trials) across Australia and entry into the European market;

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Pursuant to s708AA *Corporations Act*

- (b) provide working capital to assist in continued product development and deployment into high potential global markets including Canada and Chile; and
- (c) provide working capital for general corporate purposes.

However, in the event that circumstances change or other better opportunities arise the Directors reserve the right to vary the proposed use of funds to maximise the benefit to Shareholders.

1.12 Allotment and allocation policy

The Company will proceed to allocate New Shares as soon as possible after the Closing Date and receiving ASX permission for official quotation of the New Shares.

In the event that there is less than full subscription by Eligible Shareholders to their Entitlements under this Offer Document, the Directors reserve the right to issue any Shortfall at their discretion.

Successful Applicants will be notified in writing of the number of New Shares allocated to them as soon as possible following the allocation being made.

It is the responsibility of Applicants to confirm the number of New Shares allocated to them prior to trading in New Shares. Applicants who sell New Shares before they receive notice of the number of New Shares allocated to them do so at their own risk.

1.13 ASX listing

The Company applied for the listing and quotation of the New Shares on the ASX on 2 August 2018. If granted, official quotation of the New Shares will commence as soon as practicable after allotment of the New Shares to Applicants.

1.14 CHESS

The Company will apply for the New Shares to participate in CHESS, in accordance with the ASX Listing Rules and ASX Settlement Operating Rules.

The Company will not issue certificates to Shareholders with respect to the New Shares. After allotment of the New Shares, Shareholders who are issuer sponsored will be provided with an issuer sponsored statement and those who are CHESS holders will receive an allotment advice.

The CHESS statements, which are similar in style to bank account statements, will set out the number of New Shares allotted to each successful Applicant pursuant to this Offer Document. The statement will also advise holders of their holder identification number. Further statements will be provided to holders which reflect any changes in their holding in the Company during a particular month.

1.15 Convertible Notes

The Company announced on 22 December 2016 that it had issued a total of 156,250,000 of unsecured convertible notes (Notes) of which 146,650,000 remain unconverted at the time of this offer (Noteholders) which had raised a total of \$1.250 Million. The Notes are convertible to Shares at 0.8 cents per Share at any time prior to the maturity date of 22 December 2018. If any Notes are converted prior to the record date, the Noteholders will be entitled to participate in the Entitlement Offer to the extent of the Shares issued upon conversion. Only noteholders whom qualify as a sophisticated and professional investor for the purposes of section 708, 708(10) or 708(11) (respectively) of the Corporations Act may participate in the offer. If all the Convertible Notes that can be converted are converted to shares, the number of shares on issue prior to the New Shares being issued will increase by 146,650,000.

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1.16 Overseas shareholders

This Offer Document and accompanying forms do not, and are not intended to, constitute an offer of New Shares in any place outside Australia, New Zealand and Singapore. The distribution of this Offer Document and the accompanying Entitlement and Acceptance Form in jurisdictions outside Australia, New Zealand and Singapore may be restricted by law, and any failure to comply with those restrictions may constitute a serious violation of applicable securities laws.

Accordingly, the Company has decided that it is unreasonable to make offers under the Entitlement Offer to the Ineligible Shareholders, and accordingly, the Entitlement Offer is not being extended to, and does not qualify for distribution or sale by or to, and no New Shares will be issued to Ineligible Shareholders.

1.17 Substantial Shareholders

Mr David Slack, a Director of the Company, is a substantial shareholder with 14.2% shareholding prior to the commencement of the Entitlement Offer. Mr Slack participated in the Institutional Entitlement Offer without contravening Section 606 of the *Corporations Act*. Section 606 prohibits a person from acquiring a "relevant interest" (as defined in the *Corporations Act*) in issued voting shares in a listed company if, because of the transaction, that person's or someone else's voting power in the listed company increases from 20% or below to more than 20% or from a starting point that is above 20% and below 90%, unless an exception applies.

1.18 Opening and closing dates

The Company will accept Entitlement and Acceptance Forms in respect of the Entitlement Offer from Eligible Retail Shareholders from the Opening Date until 5.00pm (WST) on the Closing Date or such other date as the Directors shall determine, subject to the Listing Rules.

A completed Entitlement and Acceptance Form, or payment made by BPAY®, must be received no later than 5.00pm (WST) on the Closing Date. It is the responsibility of all Eligible Retail Shareholders to ensure that their Application Form or BPAY® payments are received by the Company on or before the Closing Date.

The Additional Offer is currently scheduled to close on the Closing Date but the Directors reserve the right to extend the date that the Additional Offer closes by up to three months after the Closing Date, without prior notice.

1.19 Issue and Dispatch

It is the responsibility of Applicants to determine their allocation prior to trading in New Shares. Applicants who sell New Shares before they receive their holding statements will do so at their own risk.

The issue of New Shares and dispatch of holding statements are expected to occur on the dates specified in this Offer Document.

1.20 Privacy

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Entitlement and Acceptance Form for the purposes detailed in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors

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and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on Entitlement and Acceptance Form, the Company may not accept or process your Application.

An Applicant has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

1.21 **Cleansing Statement**

The Company lodged a Cleansing Statement with ASX on 2 August 2018. The Cleansing Statement may be reviewed on the websites of the Company and ASX.

2. Risk factors

2.1 **Introduction**

The activities of the Company, as in any business, are subject to risks which may impact on its future performance. The future performance of the Company and the future performance of the New Shares may be influenced by a range of factors, many of which are outside the control of the Board and the Company. The New Shares offered under this Offer Document should be regarded as speculative due to such inherent risks. Neither the Company nor the Directors warrant the future performance of the Company or any investment made pursuant to this Offer Document.

Prior to making any decision to accept the Entitlement Offer or to participate in the Additional Offer, Eligible Retail Shareholders should carefully consider the risk factors which the Company has previously disclosed (many of which are listed below), as well as those risks of which the Eligible Retail Shareholder is aware, or should be aware of through their own knowledge and enquiries.

Some of the risks may be mitigated by the Company using safeguards and appropriate systems and taking certain actions. However, as noted above and previously, some of the risks are outside the control of the Company and are not capable of mitigation. There are also general risks associated with any investment in shares.

The risks listed below (and previously disclosed by the Company) should not be taken as exhaustive of the risks faced by the Company. Factors other than those listed may in the future materially affect the financial performance of the Company and the value of the New Shares. Eligible Retail Shareholders should read this Offer Document in its entirety together with the Company's previous disclosures to the ASX and the public documents of the Company, including its most recent audited financial statements and consult their stockbroker, accountant or other professional advisor without delay before deciding whether to accept the Entitlement Offer or participate in the Additional Offer.

2.2 **Risks Specific to an Investment in the Company**

In addition to the general market and economic risks noted in Section 2.3, Eligible Retail Shareholders should be aware of risks specific to an investment in the Company, which may include, but are not limited to, the following:

(a) **Operational Risks**

The current and future operations of the Company, including development, assembly and sales may be affected by a range of factors including:

- (1) production may not be able to keep up with demand because of component shortages outside the Company's control;

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- (2) shortage of supply of vehicles to customers' fleets;
- (3) sales targets may not be met because of a downturn in the industries which the Company supplies or through sales staff shortages the inability to recruit suitably qualified staff in very tight labour market to service our customers;
- (4) (a) competitor(s) developing a product range that emulates the performance of the Company's products;
- (5) the mining industry may use vehicles in its operations for which the Company has not yet developed a suitable brake; and
- (6) the inherent risk of supplying a safety critical products to motor vehicles where any defect or failure may give rise to direct or consequential harm to plant or personnel.

(b) **Performance Risks**

The financial performance of the Company in any given year may have an adverse effect on the carrying value of the Company's intellectual property as well as the Company's capacity to achieve an acceptable financial result and cash flow balance.

(c) **Currency Risk**

The Company has transferred over ninety percent of its suppliers/purchases to Australia. As a result, currency risks on purchases is negligible.

The Company sells product into foreign markets and these sales are sometimes denominated in foreign currency. In the 2017 financial year, sales receipts in overseas currencies accounted for less than one percent of total operational sales and is therefore also considered have negligible risk.

The Company has no plans to materially increase its non-AUD denominated payments or revenues.

The Company therefore, has minimal exposure to foreign currency fluctuations against the AUD between the date of sale or purchase and the date of receipt or payment.

(d) **Warranty**

The Company's products are sold under a twelve month warranty. If a product fails during this period there is a risk the product may have to be replaced under warranty, free of charge. In addition, in the event of product failure and consequential loss, the Company may be liable to pay damages for product failure.

(e) **Interest Rates**

The Company invests working capital cash surpluses by placing funds on short-term deposit and/or in a cash maximiser account at prevailing interest rates. There is a risk that income earned from interest bearing accounts, will fall short of target or the Company's target rate of return.

(f) **Obsolescence**

The Company assembles its products from components purchased and stocked at various locations. Technology is constantly providing improvements in components and there is a small risk that either component stock or the Company's products could

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be subject to obsolescence due to technical innovations in materials, applications or methods.

(g) **Credit**

The Company sells its products predominately on 30 day net credit terms. Although the Company insures all customers both domestically and internationally, with the exception of a sample of blue chip operators, there is still an exposure of \$3,000 for each claim, plus 10% of the remaining balance on a customers' account up to insured limits. The insurer has the right to refuse insurance on new debtors based on their credit assessment.

(h) **Finance**

The Company currently has on issue, maturing 22 December 2018, 146,650,000 Convertible Notes, convertible to an equivalent number of Ordinary Shares at \$0.008 per note. Should the holders of the Convertible Notes choose not to convert the Notes to Shares, the Company needs to be in a position to finance a cash redemption outflow of \$1.173 million.

2.3 **General Risks**

The New Shares that are to be issued pursuant to the Entitlement Offer and the Additional Offer are speculative because of the nature of the business of the Company, being the development and manufacturing of brake products on a global-scale. The value of Shares in the Company can go up as well as down and a dividend may or may not be paid in the future in respect of the Shares, depending on the Company's operating successes. As the holding of the Company's securities can involve certain risks, Eligible Retail Shareholders in doubt as to the course they should follow should consult their stockbroker, accountant or other professional advisor without delay.

A summary of the major general risks are described below:

(a) **Share Market Risk**

There are a number of factors (both national and international) that may affect the share market price and neither the Company nor its Directors have control of those factors. The New Shares carry no guarantee in respect of profitability, dividends, return on capital, or the price at which they may trade on the ASX. The market price of the Company's Shares will be subject to varied and often unpredictable influences in the share market.

(b) **Dilution**

Upon completion of the Institutional Entitlement Offer and the Retail Entitlement Offer, assuming all Entitlements are accepted, the number of Shares in the Company will increase from 2,224,120,936 to 2,965,494,582 (on an undiluted basis). There are currently 146,650,000 unconverted convertible notes on issue. Each noteholder entitles the holder, upon payment of the conversion price of \$0.008, one share. Only if the convertible notes have been converted and shares have been issued prior to record date will these shares participate in the Entitlement Offer. Only noteholders whom qualify as a sophisticated and professional investor for the purposes of section 708, 708(10) or 708(11) (respectively) of the Corporations Act may participate in the offer. If all the Convertible Notes that can be converted are converted to shares, the number of shares on issue prior to the New Shares being issued will increase by 146,650,000.

If you decide to take up only part of your Entitlement or not to accept any of your Entitlement, your Entitlement will lapse and your ownership of the Company will be diluted to that extent.

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(c) **General Economic Conditions**

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. In addition to being listed on the ASX, the Company's conducts operations in Europe and Africa. Factors that may contribute to that economic climate include the general level of economic activity, interest rates, inflation, supply and demand, industrial disruption and other economic factors. These factors are beyond the control of the Company and the Company cannot, with any degree of certainty, predict how they will impact on the Company.

(d) **Legislative Change**

Changes in government regulations and policies in jurisdictions in which the Company has mining interests may adversely affect the financial performance or the current and proposed operations generally of the Company. Changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws may have an adverse effect on the Company's development and production activities, as well as its ability to fund those activities.

(e) **Unforeseen Expenses**

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

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

Section 606 prohibits a person from acquiring a "relevant interest" (as defined in the *Corporations Act*) in issued voting shares in a listed company if, because of the transaction, that person's or someone else's voting power in the listed company increases from 20% or below to more than 20% or from a starting point that is above 20% and below 90%, unless an exception applies.

There are various exceptions to the general prohibition. However, there is no guarantee that an exception would be available in the relevant circumstances and, even if an exception was potentially available, there is a risk that the exception could not be relied upon without significant cost or delay.

3. Financial Information

3.1 Introduction

To illustrate the effect of the Capital Raising on the Company, the pro-forma consolidated statement of financial position has been prepared based on the reviewed statement of financial position as at 30 June 2018. The pro-forma consolidated statement of financial position assumes that the Entitlement Offer is fully subscribed.

The accounting policies adopted in preparation of the pro-forma consolidated statement of financial position are consistent with the policies adopted and as described in the Company's financial statements for the full year ended 30 June 2018.

The significant effects of the Capital Raising (assuming the Entitlement Offer is fully subscribed) will be to:

- (a) increase cash reserves by approximately \$1,334,205 (after cash expenses of the Entitlement Offer which are estimated to be \$148,542) assuming a 0.2 cent per Share subscription price; and

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- (b) increase the number of Shares by approximately 741,373,646 based on current shares on issue and including New Shares subscribed for under the Institutional Entitlement Offer.

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

The historical and pro-forma financial information has been prepared in accordance with the measurement and recognition criteria of Australian Accounting Standards and the Company's significant accounting policies. The historical and pro-forma financial information is presented in an abbreviated form insofar as it does not include all the disclosures and notes required in an annual or half year financial reports prepared in accordance with Australian Accounting Standards and the *Corporations Act*.

3.2 Historical Financial Information

The historical financial information for the Company set out below comprises the reviewed Statement of Financial Position as at 30 June 2018.

The historical financial information has been extracted from the reviewed financial statements of the Company for the 12 month period ended 30 June 2018. Historical financial information does not include a Statement of Comprehensive Income or a Statement of Cash Flow.

3.3 Pro-forma Financial Information

The pro-forma financial information for the Company set out below comprises the unaudited Pro-Forma Statement of Financial Position as at 30 June 2018.

The unaudited Pro-Forma Statement of Financial Position has been derived from the reviewed Statement of Financial Position as at 30 June 2018 adjusted for the following transactions as if they had occurred at 30 June 2018 (pro-forma transactions):

- (a) the issue of 219,720,665 ordinary Shares at an issue price of 0.2 cents each per Share to raise approximately \$439,442 before expenses of the capital raising under the Institutional Entitlement Offer; and
- (b) the issue of 521,652,981 ordinary Shares at an issue price of 0.2 cents each per Share to raise approximately \$1,043,306 before expenses of the capital raising under the Retail Entitlement Offer; and
- (c) total costs expected to be incurred in connection with the Capital Raising of approximately \$148,542.

	Actual 30-Jun-18 \$'000	Pro-forma Adjustments \$'000	Pro-forma 30-Jun-18 \$'000
CURRENT ASSETS			
Cash and cash equivalents	627	1,334	1,961
Trade and other receivables	1,520		1,520
Inventories	1,601		1,601
Other assets	936		936
Total current assets	4,684	1,334	6,018

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	Actual 30-Jun-18 \$'000	Pro-forma Adjustments \$'000	Pro-forma 30-Jun-18 \$'000
NON-CURRENT ASSETS			
Property, plant and equipment	490		490
Intangible assets	799		799
Total non-current assets	<u>1,289</u>	<u>0</u>	<u>1,289</u>
TOTAL ASSETS	<u>5,973</u>	<u>1,334</u>	<u>7,307</u>
CURRENT LIABILITIES			
Trade and other payables	1,297		1,297
Interest bearing liabilities	1,818		1,818
Provisions	195		195
Total current liabilities	<u>3,310</u>	<u>0</u>	<u>3,310</u>
NON-CURRENT LIABILITIES			
Interest bearing liabilities	76		76
Provisions	42		42
Total non-current liabilities	<u>118</u>	<u>0</u>	<u>118</u>
TOTAL LIABILITIES	<u>3,428</u>	<u>0</u>	<u>3,428</u>
NET ASSETS	<u>2,545</u>	<u>1,334</u>	<u>3,879</u>
EQUITY			
Issued capital	52,805	1,334	54,139
Accumulated losses	(50,260)		(50,260)
TOTAL EQUITY	<u>2,545</u>	<u>1,334</u>	<u>3,879</u>

4. Effect of Capital Raising on control of Advanced

4.1 Present position

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

The top 20 Shareholders of the Company as at 19 July 2018 are as follows:

Shareholder	Shares	% issued capital
DASI INVESTMENTS PTY LTD	137,195,568	6.17
WINDPAC PTY LTD	122,332,918	5.50
SCINTILLA STRATEGIC INVESTMENTS LIMITED	74,000,000	3.33
MR PETER RODNEY BOWER	67,000,000	3.01
RP INVEST PTY LTD ATF PALMER FAMILY RETIRE ACCOUNT	63,500,000	2.86
MR CRAIG GRAEME CHAPMAN ATF NAMPAC DISCRETIONARY ACCOUNT	60,000,000	2.70
MR KEITH KNOWLES	59,253,535	2.66

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Shareholder	Shares	% issued capital
CHARMED5 PTY LTD	40,500,000	1.82
MR KIM AARON MULLER	30,265,223	1.36
MYALL RESOURCES PTY LTD ATF MYALL GROUP SUPER FUND ACCOUNT	29,975,000	1.35
WINDPAC PTY LTD ATF THE DAVID EARL SLACK SUPERANNUATION FUND ACCOUNT	29,166,668	1.31
HONNE INVESTMENTS PTY LIMITED	25,000,000	1.12
WINDPAC PTY LTD ATF THE SLACK FAMILY ACCOUNT	24,833,334	1.12
MS TRACEY-ANN PALMER	24,144,893	1.09
KIZOGO PTY LTD ATF BERGAN EXEC RETIREMENT ACCOUNT	22,767,402	1.02
PARKS AUSTRALIA PTY LTD	20,992,734	0.94
SLADE TECHNOLOGIES PTY LTD ATF EMBREY FAMILY SUPERFUND ACCOUNT	20,000,000	0.90
GREYINVEST PTY LTD ATF SECURE GROWTH SUPERANNUATION FUND ACCOUNT	19,950,000	0.90
TOKEN NOMINEES PTY LTD	19,000,000	0.85
MR DALE ALBERT MONSON AND MRS DAGMAR ERNA MONSON ATF DALE MONSON SUPERANNUATION FUND NO 2 ACCOUNT	18,128,505	0.82
TOTAL	908,005,780	40.83

4.2 Capital structure

Subject to rounding up of fractional Entitlements, the Share capital structure of the Company following the issue of New Shares under the Capital Raising (assuming full subscription under the Entitlement Offer) is expected to be as follows:

	Shares
Shares on issue at the date of the Offer Document	2,224,120,936
Number of New Shares subscribed for under the Institutional Entitlement Offer	219,720,665
Maximum number of New Shares to be offered under the Retail Entitlement Offer*	521,652,981
Maximum number of Shares on issue on completion of the Entitlement Offer (subject to rounding variations)	2,965,494,582

*Based on shares currently on issue. Excludes unconverted Convertible Notes, which if fully converted on or before record date, would increase the number of shares on issue at the date of the Offer Document, by 146,650,000.

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4.3 Potential effects of the Capital Raising on control

The Entitlement Offer is a pro-rata offer so that if all Eligible Shareholders take up their Entitlements, the voting power of all Eligible Shareholders will remain the same, subject to the comments below.

Shareholders who do not take up all of their Entitlements will have their interest in the Company diluted. In addition, the proportional shareholdings of Shareholders who are not resident in Australia, New Zealand or Singapore may be diluted as those Shareholders are not entitled to participate in the Entitlement Offer.

While the final percentage interests held by Shareholders of the Company is entirely dependent on the extent to which they are Eligible Shareholders and to the extent to which the other Shareholders take up their Entitlements, the Company expects that the potential effect of the issue of Shares under the Entitlement Offer on the control of the Company will be minimal.

4.4 Director and Key Management Participation

Set out below are details of the interests of the Directors in the securities of Advanced immediately prior to lodgement of this Offer Document with ASX. Interests include those securities held directly and indirectly. The table does not take into account any New Shares the Directors may acquire under the Retail Entitlement Offer, or may already have acquired under the Institutional Entitlement Offer.

Director/Key Management Personnel	Number of Shares	Percentage shareholding
Dagmar Parsons	Nil	0.00%
David Slack	316,092,468	14.2%
Adam Levine	5,833,334	0.3%
Mark Lindh	19,000,000	0.9%
Peter Hildebrandt*	Nil	0.00%

*Chief Executive Officer

Mr David Slack, Mr Adam Levine and Mr Mark Lindh subscribed for their full Entitlement under the Institutional Entitlement Offer.

Ms Dagmar Parsons has indicated that it is her present intention to subscribe for up to \$10,000 worth of Shortfall under the Entitlement Offer (to the extent that there is Shortfall available).

Mr Peter Hildebrandt has indicated that it is his present intention to subscribe for up to \$20,000 worth Shortfall under the Entitlement Offer (to the extent that there is Shortfall available).

Other than as set out above or elsewhere in this Offer Document, no Directors hold, or held at any time during the last 2 years, any interest in the formation or promotion of the Company, the Entitlement Offer or property acquired or to be acquired by the Company in connection with its formation or the promotion of the Company or the Entitlement Offer.

5. How to Apply

5.1 Your choices as an Eligible Retail Shareholder

The number of New Shares to which each Eligible Retail Shareholder is entitled (**Entitlement**) is calculated as at the Record Date and is shown on the personalised Entitlement and Acceptance Form accompanying this Offer Document.

Eligible Retail Shareholders may:

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- (a) take up their Entitlement in full (refer to Section 5.2);
- (b) take up their Entitlement in full and apply for Additional Shares (refer to Section 5.3);
- (c) take up part of their Entitlement, in which case the balance of the Entitlement would lapse (refer to Section 5.4); or
- (d) allow their Entitlement to lapse (refer to Section 5.5).

Ineligible Shareholders do not have Entitlements.

The Company reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Closing Date. The Closing Date for acceptance of the Entitlement Offer is 5.00pm (WST) on 22 August 2018.

5.2 Taking up your Entitlement in full

If you wish to take up your Entitlement in full, follow the instructions set out on the Entitlement and Acceptance Form.

Please return your completed Entitlement and Acceptance Form together with your Application Monies in accordance with Section 5.7 for the amount shown on the Entitlement and Acceptance Form to the Share Registry so that it is received no later than 5.00pm (WST) on 22 August 2018 at the address set out below:

By post

Computershare Investor Services Pty Limited
GPO Box 505
Melbourne, Victoria 3001

Entitlement and Acceptance Forms will not be accepted at the Company's registered office.

You may also take up all of your Entitlement by payment of the Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form. If payment is made through BPAY, you do not need to return the Entitlement and Acceptance Form. Your payment must be received by no later than 5.00pm (WST) on 22 August 2018.

Refund amounts, if any, will be paid in Australian dollars without interest. You will be paid by cheque sent by ordinary post to your address as recorded on the share register.

5.3 Taking up your Entitlement in full and applying for Additional Shares

If you wish to take up all of your Entitlement and also apply for Additional Shares, complete the accompanying Entitlement and Acceptance Form for New Shares and the Additional Shares section in accordance with the instructions set out in the form and follow the other steps required in accordance with Section 5.2 above. In order to apply for Additional Shares you must be an Eligible Retail Shareholder and must have first taken up your Entitlement in full.

5.4 Taking up part of your Entitlement and allowing the balance to lapse

If you wish to take up part only of your Entitlement, complete the Entitlement and Acceptance Form for the number of New Shares you wish to take up and follow the other steps required in accordance with Section 5.2 above.

You may arrange for payment through BPAY in accordance with the instructions on the Entitlement and Acceptance Form. If payment is made through BPAY and the Company receives an amount that is less than the Issue Price multiplied by your Entitlement (**Reduced Amount**), your payment may be treated as an application for as many New Shares as your Reduced Amount will pay for in full.

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5.5 **Allowing your entitlement to lapse**

If you do not wish to accept all or any part of your Entitlement, do not take any further action and that part of your Entitlement will lapse.

5.6 **Consequences of not taking up your Entitlement**

If you do not take up all of your Entitlement in accordance with the instructions set out above, any New Shares that you would have otherwise been entitled to under the Entitlement Offer may be issued by the Directors to other Eligible Shareholders pursuant to an application by them for Additional Shares, or placed by the Directors to third parties.

5.7 **Payment**

The consideration for the New Shares is payable in full on Application by a payment of 0.2 cents each per New Share.

The Entitlement and Acceptance Form must be accompanied by a cheque for the Application Monies. Cheques must be drawn in Australian currency on an Australian bank and made payable to '**Advanced Braking Technology Limited**' and crossed 'Not Negotiable'.

Alternatively, you may arrange for payment of the Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.

Eligible Retail Shareholders must not forward cash by mail. Receipts for payment will not be issued.

5.8 **Binding effect of Entitlement and Acceptance Form**

A completed and lodged Entitlement and Acceptance Form, or a payment made through BPAY, constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Offer Document and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

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

- (a) you are an Eligible Retail Shareholder and are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares under the Entitlement Offer;
- (b) you acknowledge that the New Shares have not been, and will not be, registered under the US Securities Act or under the laws of any other jurisdiction outside Australia, New Zealand or Singapore; and
- (c) you have not and will not send any materials relating to the Entitlement Offer to any person in the United States or to any person (including nominees or custodians) acting for the account or benefit of a person in the United States.

5.9 **Brokerage, handling fees and stamp duty**

No brokerage, handling fees or stamp duty is payable by Applicants in respect of their applications for New Shares under this Offer Document. The amount payable on acceptance will not vary during the period of the Entitlement Offer and no further amount is payable on allotment.

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

6. Additional information

6.1 Section 708AA Corporations Act

The Company is a 'disclosing entity' (as defined in section 111AC of the *Corporations Act*) and therefore subject to regular reporting and disclosure obligations under the *Corporations Act*. Under those obligations, the Company is obliged to comply with all applicable continuous disclosure and reporting requirements in the Listing Rules.

This Offer Document is intended to be read in conjunction with the Company's publicly available information which has been notified to ASX and does not include information that would be included in a disclosure document or which investors ought to have regards to in deciding whether to subscribe for New Shares under the Entitlement Offer.

This Offer Document is issued pursuant to section 708AA of the *Corporations Act* (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84) for the offer of New Shares without disclosure to investors under Part 6D.2 of the *Corporations Act*.

6.2 ASX Listing of New Shares

Application for official quotation by ASX of the New Shares offered pursuant to this Offer Document has been made. The New Shares will, subject to ASX approval, be quoted on a deferred settlement basis on or about the date specified in the timetable set out in this Offer Document.

The fact that ASX may grant official quotation of the New Shares should not to be taken in any way as an indication of the merits of the Company, the New Shares offered for subscription under the Capital Raising.

6.3 Rights and liabilities attaching to New Shares

The New Shares will have from issue the same rights attaching to all Existing Shares. The rights attaching to ownership of the New Shares are set out in the Constitution, a copy of which is available for inspection at the registered office of the Company during business hours.

This Offer Document does not contain a summary of the principal rights and liabilities of holders of the New Shares.

6.4 Ranking of New Shares

- (a) New Shares will rank equally in all respects with existing shares on issue.
- (b) The Company is not required to determine whether or not any registered holder or investor is acting as a nominee or custodian or the identity or residence of any beneficial owners of existing shares or Entitlements.
- (c) Eligible Shareholders holding shares on behalf of persons who are resident outside of Australia and New Zealand are responsible for ensuring that taking up their Entitlement in any application for additional New Shares does not breach the laws and regulations in the relevant overseas jurisdictions. The making of the application by such Eligible Shareholders for New Shares will constitute a representation and warranty that there has been no breach of such laws or regulations. Shareholders who are nominees should obtain independent advice as to how they should proceed should they wish to apply for New Shares in relation to this Offer.

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Pursuant to s708AA *Corporations Act*

6.5 Expenses of the Entitlement Offer

All expenses connected with the Entitlement Offer are being borne by the Company. Total expenses of the Entitlement Offer are estimated as at the date of this Offer Document to be in the order of \$148,542 (assuming that the Entitlement Offer is fully subscribed).

In addition, the Company may if it deems it necessary for the success of the Capital Raising, pay brokers' stamping fees which will be equal to a percentage of the issue price (including GST) of New Shares issued under either the Capital Raising, to stockbrokers who submit a valid claim for a broker stamping fee on successful Applications.

6.6 Appointment of Lead Manager

The Capital Raising is lead managed by Baker Young Stockbrokers Limited.

The Company and the Lead Manager entered into a mandate on 25 June 2018 (**Lead Management Agreement**) pursuant to which the Lead Manager has agreed to manage the Capital Raising.

Pursuant to the Lead Management Agreement, as consideration for lead managing the Entitlement Offer and the Additional Shares Offer, the Company has agreed to:

- (a) pay the Lead Manager a management fee of 2% of the total value of all funds raised by it under the Capital Raising;
- (b) pay the Lead Manager a capital raising fee of up to 4% of the total funds raised under the Capital Raising; and
- (c) reimburse the Lead Manager for all reasonable out of pocket expenses incurred by the Lead Manager in respect of the Capital Raising.

The obligation of the Lead Manager to manage the Capital Raising is subject to certain standard events of termination. The Lead Management Agreement otherwise contains terms and conditions as are considered standard in an agreement of this type.

6.7 Consents and disclaimers

Written consents to the issue of this Offer Document have been given and at the time of this Offer Document have not been withdrawn by the following parties:

The Lead Manager has given and has not withdrawn its consent to be named in this Offer Document as Lead Manager to the Capital Raising in the form and context in which it is named. It takes no responsibility for any part of the Offer Document other than references to its name.

Computershare has given and has not withdrawn its consent to be named in this Offer Document as the Share Registry of the Company in the form and context in which it is named. It has had no involvement in the preparation of any part of this Offer Document other than recording its name as Share Registry to the Company. It takes no responsibility for any part of the Offer Document other than the references to its name.

Harris Carlson Lawyers has given and has not withdrawn its consent to be named in this Offer Document as solicitors to the Capital Raising in the form and context in which it is named. It takes no responsibility for any part of the Offer Document other than references to its name.

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Pursuant to s708AA *Corporations Act*

6.8 **Directors' statement**

This Offer Document is issued by Advanced Braking Technology Limited. Each Director has consented to the lodgement of the Offer Document with ASX.

Signed on the date of this Offer Document on behalf of Advanced Braking Technology Limited by:



.....
Dagmar Parsons
Chairman
Advanced Braking Technology Limited

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Pursuant to s708AA *Corporations Act*

Entitlement	The entitlement to subscribe for New Shares pursuant to the Entitlement Offer.
Entitlement and Acceptance Form	The entitlement and acceptance form accompanying this Offer Document.
Existing Share	A Share on issue as at the Record Date.
Ineligible Shareholder	A Shareholder (or beneficial holder of Shares) who is a Shareholder on the Record Date with a registered address outside of Australia, New Zealand or Singapore.
Institutional Entitlement Offer	An accelerated institutional entitlement offer of New Shares to Eligible Institutional Shareholders under the Entitlement Offer.
Issue Price	0.2 cents
Lead Manager	Baker Young Stockbrokers Limited ACN 006 690 320
Listing Rules	The official listing rules of ASX.
New Shares	Shares to be allotted and issued under the Entitlement Offer and the Additional Offer.
Offer Document	This offer document dated 7 August 2018.
Record Date	7 August 2018 (5:00pm WST).
Retail Entitlement Offer	The offer of New Shares to Eligible Retail Shareholders under the Entitlement Offer.
Share	A fully paid ordinary share in the capital of the Company.
Share Registry	Computershare Investor Services Pty Ltd ABN 48 078 279 277.
Shareholder	A holder of Shares.
Shortfall, Shortfall Shares	Any New Shares in respect of which the Entitlement Offer has not been accepted, on the same terms as the Entitlement Offer.
US Securities Act	The US Securities Act of 1933, as amended.
WST	Western Standard Time.

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Pursuant to s708AA *Corporations Act*

8. Corporate directory

Directors and Key Management	Lead Manager
<p>Ms. Dagmar Parsons (Chairman) Mr. David Slack (Non-Executive Director) Mr. Adam Levine (Non-Executive Director) Mr. Mark Lindh (Non-Executive Director) Mr. Peter Hildebrandt (Chief Executive officer)</p>	<p>Baker Young Stockbrokers Limited Level 6, 121 King William Street Adelaide SA 5000 Tel: +61 8 8236 8888 www.bakeryoung.com.au</p>
Administration and Registered Office	Share Registry
<p>19 Creative Street Wangara WA 6017 Tel: +61 8 9302 1922 Email: graham.atkinson@advancedbraking.com Web: www.advancedbraking.com</p>	<p>Computershare Investor Services Pty Ltd Tel: 1300 850 505 (within Australia) +61 3 9415 4000 (outside Australia)</p>
Auditors	Solicitors to the Capital Raising
<p>Moore Stephens Level 3, 12 St Georges Terrace Perth WA 6000</p>	<p>Harris Carlson Lawyers Level 14, 350 Queen St, Melbourne VIC 3000 Tel: +61 3 8680 5380 www.harriscarlson.com.au</p>

Rights Issue Offer Document

Pursuant to s708AA *Corporations Act*

7. Definitions and glossary

Terms and abbreviations used in this Offer Document have the following meaning:

Acceptance	An acceptance of Entitlements.
Additional Offer	The offer to Eligible Retail Shareholders to apply for any Shortfall.
Additional Shares	New Shares to be issued pursuant to the Additional Offer.
Applicant	An Eligible Retail Shareholder who has applied to subscribe for New Shares by submitting an Entitlement and Acceptance Form or arranging for payment through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.
Application	The submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies or arranging for payment of the relevant Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.
Application Monies	The aggregate amount payable for the New Shares applied for in a duly completed Entitlement and Acceptance Form or through BPAY, calculated as the Issue Price multiplied by the number of New Shares applied for.
ASIC	Australian Securities & Investments Commission.
ASX	ASX Limited ACN 008 624 691.
Board	The board of Directors of the Company.
Business Day	Has the same meaning as in the Listing Rules.
Capital Raising	The Entitlement Offer, the Additional Offer.
CHESS	The Clearing House Electronic Sub Register System, an automated transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in paperless form.
Closing Date	The date by which valid acceptances must be received by the Share Registrar being 5.00pm (WST) 22 August 2018 or such other date determined by the Board.
Company or Advanced	Advanced Braking Technology Limited ACN 099 107 623.
Constitution	The constitution of the Company.
<i>Corporations Act</i>	<i>Corporations Act 2001</i> (Cth).
Director	A director of the Company.
Eligible Shareholder	An Eligible Retail Shareholder and an Eligible Institutional Shareholder.
Eligible Institutional Shareholder	A Shareholder who was invited to participate and accepted (except as nominee, in respect of other underlying holdings) under the Institutional Entitlement Offer. .
Eligible Retail Shareholder	A Shareholder on the Record Date who has a registered address in Australia, New Zealand or Singapore and is not an Eligible Institutional Shareholder, or a Shareholder that the Company has otherwise determined is eligible to participate in the Entitlement Offer.

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Ineligible Shareholder	A Shareholder (or beneficial holder of Shares) who is a Shareholder on the Record Date with a registered address outside of Australia, New Zealand or Singapore.
Institutional Entitlement Offer	An accelerated institutional entitlement offer of New Shares to Eligible Institutional Shareholders under the Entitlement Offer.
Issue Price	0.2 cents
Lead Manager	Baker Young Stockbrokers Limited ACN 006 690 320
Listing Rules	The official listing rules of ASX.
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Administration and Registered Office	Share Registry
<p>19 Creative Street Wangara WA 6017 Tel: +61 8 9302 1922 Email: graham.atkinson@advancedbraking.com Web: www.advancedbraking.com</p>	<p>Computershare Investor Services Pty Ltd Tel: 1300 850 505 (within Australia) +61 3 9415 4000 (outside Australia)</p>
Auditors	Solicitors to the Capital Raising
<p>Moore Stephens Level 3, 12 St Georges Terrace Perth WA 6000</p>	<p>Harris Carlson Lawyers Level 14, 350 Queen St, Melbourne VIC 3000 Tel: +61 3 8680 5380 www.harriscarlson.com.au</p>