

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

CONNECTED IO LIMITED

ABN

99 009 076 233

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | Convertible Notes |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | Convertible Notes with a face value of \$1,351,000 (convertible on the basis of \$0.003 per share) on the terms set out in Annexure A. |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Convertible Notes with a face value of \$1,351,000 on the terms set out in Annexure A as approved by shareholders at the Company's Annual General Meeting held on 28 November 2018. |

+ See chapter 19 for defined terms.

4	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> the date from which they do the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>No, Convertible Notes may convert into ordinary shares upon conversion (at the election of the noteholders).</p>
5	Issue price or consideration	<p>Convertible Notes issued in full satisfaction and discharge of Loan Facility of \$1,351,000, as approved by Shareholders at the Company's AGM held on 28 November 2018.</p>
6	<p>Purpose of the issue</p> <p>(If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Convertible Notes issued in full satisfaction and discharge of Loan Facility of \$1,351,000.</p>
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes</p>
6b	The date the security holder resolution under rule 7.1A was passed	<p>28 November 2018</p>
6c	Number of +securities issued without security holder approval under rule 7.1	<p>Nil</p>
6d	Number of +securities issued with security holder approval under rule 7.1A	<p>Nil</p>

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Convertible Notes with a face value of \$1,351,000 (convertible at a conversion price of \$0.003) as approved by shareholders at the Annual General Meeting held on 28 November 2018.	
6f	Number of +securities issued under an exception in rule 7.2	Nil	
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Not applicable	
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not applicable	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Listing Rule 7.1 – 216,399,734 Listing Rule 7.1A – 176,476,938	
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	28 February 2019	
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Number	+Class
		1,813,085,059	Fully paid ordinary shares

+ See chapter 19 for defined terms.

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	100,000,000
		Class A Performance Shares which will convert into Ordinary Shares on a 1:1 basis on achievement of milestone.
	50,000,000	Class B Performance Shares which will convert into Ordinary Shares on a 1:1 basis on achievement of milestone.
	75,000,000	Unlisted Options (exercisable at \$0.01; expiring 20 December 2020).
	Various	Convertible Notes with a face value of \$1,351,000 (convertible on the basis of \$0.003 per share).
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not applicable

Part 2 - Pro rata issue

11	Is security holder approval required?	Not applicable
12	Is the issue renounceable or non-renounceable?	Not applicable
13	Ratio in which the +securities will be offered	Not applicable
14	+Class of +securities to which the offer relates	Not applicable
15	+Record date to determine entitlements	Not applicable
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Not applicable
17	Policy for deciding entitlements in relation to fractions	Not applicable

18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	Not applicable
19	Closing date for receipt of acceptances or renunciations	Not applicable
20	Names of any underwriters	Not applicable
21	Amount of any underwriting fee or commission	Not applicable
22	Names of any brokers to the issue	Not applicable
23	Fee or commission payable to the broker to the issue	Not applicable
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	Not applicable
25	If the issue is contingent on security holders' approval, the date of the meeting	Not applicable
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	Not applicable
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not applicable
28	Date rights trading will begin (if applicable)	Not applicable
29	Date rights trading will end (if applicable)	Not applicable
30	How do security holders sell	Not applicable

+ See chapter 19 for defined terms.

their entitlements *in full* through a broker?

- 31 How do security holders sell *part* of their entitlements through a broker and accept for the balance?

Not applicable

- 32 How do security holders dispose of their entitlements (except by sale through a broker)?

Not applicable

- 33 ⁺Issue date

Not applicable

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of ⁺securities
(tick one)

- (a) ☒ ⁺Securities described in Part 1.

- (b) ☐ All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

- 36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories

1 - 1,000

1,001 - 5,000

5,001 - 10,000

10,001 - 100,000

100,001 and over

- 37 ☐ A copy of any trust deed for the additional ⁺securities

Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought					
39	+Class of +securities for which quotation is sought					
40	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> the date from which they do the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 					
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>					
42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	<table border="1"> <thead> <tr> <th>Number</th> <th>+Class</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> </tr> </tbody> </table>	Number	+Class		
Number	+Class					

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:Date: 28 February 2019
(Company secretary)

Print name: Nicki Farley

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Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	887,916,052
Add the following: <ul style="list-style-type: none"> Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval Number of partly paid +ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> Include only ordinary securities here – other classes of equity securities cannot be added Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed It may be useful to set out issues of securities on different dates as separate line items 	133,187,333 – Placement Shares 131,594,009 – Right Issue Shares 578,738,659 – Underwritten Shortfall 33,333,333 – Director Fee Shares
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	0
“A”	1,764,769,386

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	264,715,407
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>43,315,673 – Placement and Underwriting Shares</p> <p>5,000,000 – Loan Agreement Shares</p>
“C”	48,315,673
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	264,715,407
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	48,315,673
Total [“A” x 0.15] – “C”	<p>216,399,734</p> <p><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p>

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	1,764,769,386
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	176,476,938
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items 	0
“E”	0

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	176,476,938
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	0
Total [“A” x 0.10] – “E”	176,476,938 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

ANNEXURE – TERMS OF CONVERTIBLE NOTES

The material terms of the Convertible Notes are as follows:

Convertible Notes	
Face Value	The face value in respect of a Convertible Note.
Conditions	<p>The issue and conversion of a Note into Shares is conditional on the Company obtaining Shareholder approval for the issue of Convertible Notes and conversion of Convertible Notes into Shares.</p> <p>Shareholder approval is not needed for the purposes of:</p> <ul style="list-style-type: none">• section 208 of the Corporations Act (related party approval); and• item 7 of section 611 of the Corporations Act (takeover approval).
Maturity Date	30 June 2019.
Interest rate	<p>9% per annum payable on each 6 month anniversary after the issue date.</p> <p>Interest to be paid in cash or shares at the election of the noteholder.</p>
Conversion Price	\$0.003 per Share
Conversion	<p>A noteholder may elect to convert a Convertible Note into securities at any time on or before the Maturity Date.</p> <p>If converted, the Face Value and accrued interest will convert into Shares at the Conversion Price.</p> <p>An unconverted Convertible Note must be converted into Shares by the Company within 10 business days of the Maturity Date.</p>
No quotation	A Convertible Note will not be quoted or listed on any stock exchange.
Voting rights	A Convertible Note will not provide any voting rights at Shareholder meetings of the Company.
Terms of Shares	Share issued upon the conversion of a Convertible Note will rank equally with existing Shares on issue.
Compliance with laws	Despite any other provision of the Convertible Note Agreement, if an issue of Shares would contravene the Corporations Act or any other applicable laws then, to the extent that such issue would contravene such law, the Company's obligation to issue the relevant securities will be deferred until such time or times as the issue of Shares would not contravene the relevant law.
Other provisions	<p>The Convertible Note Agreement contains warranties and undertakings considered standard for an agreement of this nature.</p> <p>The Company gives a number of undertakings considered standard for a borrower in an agreement of this nature.</p> <p>The Convertible Note Agreement sets out a number of default events considered standard for an agreement of this nature, including breach of the Agreement and insolvency. If a default event occurs, a noteholder can declare all money owing under the Convertible Note Agreement to be immediately due and payable.</p>