



Winton Willesee
Chairman
24 May 2019

**XTV NETWORKS LIMITED
(TO BE RENAMED 'NEW ZEALAND COASTAL SEAFOODS
LIMITED')
ACN 124 251 396**

PROSPECTUS

For an offer of up to 240,000,000 Shares at an issue price of \$0.025 per Share to raise up to \$6,000,000 with a minimum subscription of \$5,000,000 (200,000,000 Shares) (**Public Offer**).

This Prospectus also contains the following additional offers:

- (a) 166,694,937 Consideration Shares and 42,840,001 Consideration Options to the Vendors (**Vendor Offer**);
- (b) 16,000,000 Director Options to the Directors (**Director Offer**);
- (c) 9,909,747 Advisor Shares to the Advisors (**Advisor Offer**); and
- (d) up to 36,000,000 Lead Manager Options to the Lead Manager (**Lead Manager Offer**).

(together, the **Additional Offers**).

Lead Manager:

Patersons Securities Limited (ACN 008 896 311) (AFSL No. 239 052)

Completion of the Offers is conditional upon satisfaction of the Conditions, which are detailed further in Section 1.3 of this Prospectus. No Securities will be issued pursuant to this Prospectus until such time as the Conditions are satisfied.

This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy ASX requirements for re-listing following a change to the nature and scale of the Company's activities.

All references to Securities in this Prospectus are made on the basis that the Subdivision for which Shareholder approval is being sought at the general meeting of the Company to be held on 13 June 2019, has been approved and taken effect.

IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay. **The Securities offered by this Prospectus should be considered highly speculative.**

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CORPORATE DIRECTORY

Directors

Winton Willesee
Chairman

Eryln Dale
Non-Executive Director

Harry Hill¹
Non-Executive Director

Proposed Directors

Cataldo Miccio²
Non-Executive Director

Jourdan Thompson²
Non-Executive Director

Company Secretary

Eryln Dale

Current ASX Code

XTV

Proposed ASX Code

NZS

Investigating Accountant

Crowe Horwath Perth
Level 5, 45 St Georges Terrace
PERTH WA 6000

Solicitors in Australia

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Corporate Advisor

Brentridge Capital Pty Ltd
A Corporate Authorised
Representative (CAR 001269419) of
Pinnacle Securities Limited
(AFSL No. 485760)

Level 36, Governor Phillip Tower
1 Farrer Place
SYDNEY NSW 2000

Registered Office

Suite 5 CPC
145 Stirling Highway
NEDLANDS WA 6009

Telephone: +61 8 9389 3170
Facsimile: +61 8 9389 3199

Email: info@nzcoastalseafoods.com
Website: www.xtv.net

Share Registry³

Security Transfer Australia Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

Telephone: 1300 992 916 (within Australia)
+61 3 9628 2200 (overseas)

Auditor to the Company³

Crowe Horwath Perth
Level 5, 45 St Georges Terrace
PERTH WA 6000

Auditor to NZCS³

Crowe Horwath New Zealand Audit
Partnership
173 Spey Street
Invercargill 9810
NEW ZEALAND

Lead Manager

Patersons Securities Limited (AFSL No. 239 052)
Level 23, Exchange Tower
2 The Esplanade
PERTH WA 6000

Solicitors in New Zealand

Flacks & Wong Limited
Level 5, Shortland Chambers Building
70 Shortland Street
AUCKLAND 1140

Notes:

1. To resign on Settlement
2. To be appointed, subject to Shareholder approval at the XTV General Meeting, with effect from Settlement.
3. These entities have been included for information purposes only. They have not been involved in the preparation of the Prospectus.

1. IMPORTANT NOTICES

This Prospectus is dated 24 May 2019 and was lodged with the ASIC on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

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

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

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

1.1 Currency conversions

Where an amount is expressed in this Prospectus in Australian Dollars and New Zealand Dollars, the conversion is based on an indicative exchange rate (being A\$0.9505 = NZ\$1.00). The amount when expressed in Australian Dollars or New Zealand Dollars may change as a result of fluctuations in the exchange rate between those currencies. Please refer to Section 8 of the Prospectus for all exchange rates applied to Historical Financial Information disclosed in Section 8.

1.2 Subdivision

Unless stated otherwise, all references to Securities as set out in this Prospectus are on the basis that the subdivision (for which approval is being sought at the general meeting of the Company to be held on 13 June 2019 (**XTV General Meeting**)) has occurred (**Subdivision**).

1.3 Conditional Offers

The Offers are conditional on the Acquisition Agreement becoming unconditional which will require the Minimum Subscription to be raised and the passing of all Essential Resolutions at the XTV General Meeting (**Conditions**).

Completion of the Acquisition is subject to a number of conditions precedent, including but not limited to those set out below, being satisfied or waived by the Company on or before the later of 16 June 2019 (and any extended date for the removal of the Company from the Official List that is approved by ASX) or such later date as is agreed by the Company and NZCS:

- (a) there having been no material adverse effect or any event, change, or effect that would, individually or in the aggregate, reasonably be expected to have a material adverse effect on NZCS;
- (b) the Company not having been removed from the Official List;
- (c) the Company receiving valid applications for a minimum of \$5,000,000 under the Public Offer and completing the Public Offer;
- (d) the Company obtaining all necessary Shareholder approvals required by the Corporations Act and the ASX Listing Rules in relation to the

Acquisition and the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules and reinstatement of the trading of the Shares on the Official List; and

- (e) the parties obtaining all necessary regulatory approvals pursuant to the ASX Listing Rules, the Corporations Act and any other law, as required to allow the parties to lawfully complete the Acquisition pursuant to the Acquisition Agreement, including conditional approval by the ASX being granted to reinstate the Shares to trading on the Official List,

(together, the **Conditions Precedent**).

Please refer to Section 11.1.1 for further details of the Acquisition Agreement.

The Company has convened the XTV General Meeting for the purpose of seeking the approval of Shareholders to a number of resolutions relevant to implementing the Acquisition, including the Essential Resolutions set out below:

- (a) the significant change of the nature and scale of the Company's activities to become a seafood processing and distribution company, for which Shareholder approval is required under ASX Listing Rule 11.1.2;
- (b) the Subdivision of the Company's issued capital that will result in the Company having 153,189,318 Shares and 100,420,002 Options on issue on a post-Subdivision basis;
- (c) the issue of:
 - (i) up to 240,000,000 Shares under the Public Offer;
 - (ii) up to 36,000,000 Lead Manager Options to the Lead Manager in consideration for services provided by the Lead Manager to the Company in relation to the Public Offer;
 - (iii) 166,694,937 Consideration Shares to the Vendors at Settlement in consideration for the Acquisition of NZCS;
 - (iv) 9,909,747 Advisor Shares to the Advisors in consideration for introduction and facilitation services provided respectively to the Company and NZCS in relation to the Acquisition;
- (d) the participation of the Existing Directors, along with the Proposed Directors and the Company's majority Shareholder, to participate in the Public Offer, so that these related parties of the Company can continue to support the Company;
- (e) the appointment of Cataldo Miccio and Jourdan Thompson as Directors on and from Settlement;
- (f) the change of the Company's name to *New Zealand Coastal Seafoods Limited*; and
- (g) the amendment to the terms of the 2023 Options on issue which were issued pursuant to the approval of Shareholders obtained at the Company's general meeting held on 9 January 2019, to increase the exercise price of such Options,

(each an **Essential Resolution**).

In the event that the Conditions are not satisfied or the Essential Resolutions are not approved by Shareholders, the Offers will not proceed, and no Securities will be issued pursuant to this Prospectus. If this occurs, applicants will be refunded their application monies without interest and otherwise in accordance with the Corporations Act.

1.4 Information for New Zealand residents

The Public Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the *Financial Markets Conduct Act 2013* and Part 9 of the *Financial Markets Conduct Regulations 2014*.

The Public Offer and the content of this Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and the regulations made under that Act set out how the Public Offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to the Public Offer. If you need to make a complaint about the Public Offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Public Offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

1.5 Suspension and re-admission to ASX

ASX has determined that the Acquisition, if successfully completed, will represent a significant change in the nature and scale of the Company's operations to a company focused on the processing and distribution of seafood.

The change in the nature and scale of the Company's activities will require:

- (a) the approval of Shareholders (which will be sought at the XTV General Meeting); and
- (b) the Company to re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy the ASX requirements for re-admission to the Official List following a change in nature and scale of the Company's activities. Some of the key requirements of Chapters 1 and 2 of the ASX Listing Rules are:

- (a) the Company must satisfy the shareholder spread requirements relating to the minimum number of Shareholders and the minimum value of the shareholdings of those Shareholders; and
- (b) the Company must satisfy the "assets test" as set out in ASX Listing Rule 1.3.

It is expected that the conduct of the Offers pursuant to this Prospectus will enable the Company to satisfy the above requirements.

Investors should be aware that the Company's Securities have been suspended from quotation since 16 June 2016. The Company's Securities will remain suspended from trading on ASX until ASX approves the Company's re-compliance with the admission requirements of Chapters 1 and 2 of the ASX Listing Rules. If the Acquisition does not complete before 16 June 2019 (or any extended date approved by ASX), the Company will be removed from the Official List on 17 June 2019 (or on the extended date approved by ASX) given that, at that time, the Company's Shares will have been suspended from quotation for a continuous period of 3 years.

There is a risk that the Company may not be able to meet the requirements of ASX for re-admission to the Official List by the relevant date. In the event the Conditions are not satisfied or the Company does not receive conditional approval for re-admission to the Official List by the relevant date, then the Company will not proceed with the Offers and will repay all application monies received (without interest).

ASX has absolute discretion in deciding whether or not to re-admit the Company to the Official List of the ASX and to quote its Securities.

1.6 Web Site – On-line Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.xtv.net or at New Zealand Coastal Seafoods Limited's website at www.nzcoastalseafoods.com. If you are accessing the on-line version of this Prospectus, you must be a resident of Australia or New Zealand and must only access this Prospectus from within Australia or New Zealand, as the case may be.

In particular, the on-line version of this Prospectus may not be accessed within any other jurisdiction, including the United States.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company by phone on +61 8 9389 3170 during office hours or by emailing info@nzcoastalseafoods.com.

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

1.7 Investment Advice

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for Securities under this Prospectus.

1.8 Risks

You should read this document in its entirety and, if in any doubt, consult your professional advisers before deciding whether to apply for Securities. There are risks associated with an investment in the Company. The Securities offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Securities. Please refer to Section D of Section 4 as well as Section 7 for details relating to some of the key risk factors that should be considered by prospective investors. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

1.9 Website

No document or information included on the Company's website or NZCS' website is incorporated by reference into this Prospectus.

1.10 Forward-looking statements

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

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

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

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking

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

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

These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section D of Section 4 as well as Section 7.

1.11 Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

1.12 Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offers or how to accept an Offer please call Winton Willesee, the Chairman, on +61 410 667 844.

1.13 Definitions

Terms used in this Prospectus are defined in the glossary in Section 14.

2. CHAIRMAN'S LETTER

Dear Investor,

On behalf of the directors of XTV Networks Limited (to be renamed 'New Zealand Coast Seafoods Limited') (**Company**), I am delighted to invite you to increase your existing shareholding or to become a new shareholder of the Company in connection with its transition to the business of processing and exporting premium seafood products through its proposed acquisition of the New Zealand company, New Zealand Coastal Seafoods Limited (**NZCS**).

As announced on 23 April 2019, the Company has entered into a share purchase deed pursuant to which it has conditionally agreed to acquire 100% of the issued capital in NZCS. Pursuant to the share purchase deed, the Company will issue 166,694,937 Shares (on a post-Subdivision basis) and procure the transfer of 42,840,001 2023 Options (on a post-Subdivision basis) from existing holders to the shareholders of NZCS as consideration for the acquisition of their shares in NZCS. A summary of the share purchase deed and other material agreements relating to the acquisition are outlined in Section 11.

NZCS is a growing processor, distributor and exporter of premium seafood products for supply, directly and through distributors, to customers, restaurants, seafood traders, supermarkets and other retailers in New Zealand, Australia and Asia. To date, NZCS has focused on selling premium processed seafood for Asian consumers, including dried ling fish (maw), sea cucumber, soft and hard elephant fish (backbone) and dog fish (backbone). NZCS operates a seafood processing and drying facility in Christchurch, New Zealand, with a current annual production capacity of 60 tonnes of raw seafood products input. One of NZCS' principal competitive advantages is that its products are sourced exclusively from New Zealand suppliers of high-quality, premium fresh seafood.

In support of its growth strategy, NZCS is seeking additional capital to move to a larger processing facility and new equipment to significantly expand production capacity. The funds raised will also provide the working capital necessary to increase purchases of raw seafood, thereby increasing its processing capacity at its existing processing facility and, later, its new processing facility.

New processing capabilities will also enable NZCS to produce new products which are expected to improve its profit margins. These new products may potentially include long shelf-life pre-packaged products, such as ready-to-eat ling maw soup and mussel soup, as well as powdered hard bones for the nutraceutical market.

NZCS also intends to expand its sales staff, including by the appointment of a head of business development and the appointment of branding and marketing consultants, and increase capital available for marketing purposes. These funds should allow NZCS to increase its sales capacity (whilst also continuing to maintain distributor channels) to support growth in existing and new markets, such as China, Hong Kong, Malaysia, Singapore, Indonesia and Vietnam.

Under this Prospectus, the Company is seeking to raise up to \$6,000,000 through the issue of 240,000,000 Shares at a price of \$0.025 per Share to fund NZCS' growth strategies.

The Company will seek Shareholder approval for the acquisition of NZCS (including the resulting change to the nature and scale of the Company's activities and the issue of the Consideration Shares to the Vendors), and the issue of Shares under the Public Offer, at the XTV General Meeting.

This Prospectus contains detailed information about the Public Offer, the market in which NZCS operates and the business of NZCS.

An investment in the Company is subject to a number of risks which are discussed in detail in Section 7 and Part D of Section 4. I encourage you to consider these risks before subscribing for Shares under the Public Offer and seek professional advice if required.

I encourage you to read this Prospectus carefully before making your investment decision. On behalf of the Board, I look forward to welcoming you as a Shareholder.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Winton Willesee', with a stylized, cursive script.

Winton Willesee
Chairman

3. KEY OFFER INFORMATION

3.1 Indicative timetable¹

Lodgement of Prospectus with the ASIC	24 May 2019
Opening Date of the Offers	24 May 2019
Closing Date of the Offers	11 June 2019
General Meeting of Shareholders	13 June 2019
Settlement of the Acquisition ²	13 June 2019
Issue and transfer of Securities under the Offers	13 June 2019
Despatch of holding statements	13 June 2019
Expected date for reinstatement to Official Quotation	14 June 2019

1. The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Dates or close the Offers early without prior notice. The Company also reserves the right not to proceed with the Offers at any time before the issue of Securities to applicants.
2. The above stated date for settlement of the Acquisition is only a good faith estimate by the Directors and may be extended.

3.2 Key Offer Details

	Maximum Subscription (\$6,000,000)
Current Shares on issue	51,063,106
Current Shares on issue (post-Subdivision)	153,189,318
Public Offer price per Share	\$0.025
Shares to be issued under Public Offer	240,000,000
Gross Proceeds of the Public Offer	\$6,000,000
Consideration Shares to be issued under the Vendor Offer	166,694,937
Advisor Shares to be issued under the Advisor Offer	9,909,747
Lead Manager Options to be issued under the Lead Manager Offer	36,000,000
Total number of Shares on issue following the Offers and Settlement of the Acquisition (undiluted)	569,794,002
Total number of Options on issue following the Offers and Settlement of the Acquisition	136,420,002
Market capitalisation (undiluted) (at \$0.025 per Share)	\$14,244,850

	Maximum Subscription (\$6,000,000)
Total number of Shares on issue following the Offers and Settlement of the Acquisition (fully diluted)	706,214,004
Market capitalisation (fully diluted) (at \$0.025 per Share)	\$17,655,350

4. INVESTMENT OVERVIEW

Item	Summary	Further information
A. Company		
Who is the issuer of this Prospectus?	<p>xTV Networks Limited (ACN 124 251 396) (ASX: XTV) (Company or xTV).</p> <p>The Company intends to change its name to 'New Zealand Coastal Seafoods Limited' subject to Shareholder approval and completion of the Acquisition.</p>	Section 1
Who is xTV	<p>xTV is an Australian company incorporated on 5 March 2007 which was admitted to the Official List on 19 June 2007 as Uramet Minerals Limited, a company focused on mining exploration. Most recently, the Company was primarily focused on the development and distribution of cloud television technologies.</p> <p>The Company's Shares have been suspended from quotation on ASX since 16 June 2016. On 6 February 2019, the Company completed a recapitalisation and restructure via the effectuation of a Deed of Company Arrangement.</p> <p>For the past several months, the Company has been seeking to identify and evaluate new corporate opportunities which have the potential to deliver strong growth and increase Shareholder value.</p>	Section 6.1
B. The Acquisition		
What is the Acquisition?	<p>On 23 April 2019, the Company announced that it had entered into a binding share sale deed (Acquisition Agreement), to acquire 100% of the issued capital in New Zealand Coastal Seafoods Limited, a company incorporated in New Zealand (NZCS) from the shareholders of NZCS (Vendors) (Acquisition).</p>	Section 6.2
Who is NZCS?	<p>NZCS is a growing New Zealand-based processor, distributor and exporter of premium seafood products.</p> <p>Established in 2016, NZCS sells processed seafood, directly and through distributors, to customers, restaurants, seafood traders, supermarkets and other retailers in New Zealand, Australia and Asia. To date, NZCS has focused on selling dried seafood, including ling maw, sea cucumber, soft and hard elephant fish backbone and dogfish backbone.</p> <p>NZCS sources products exclusively from New Zealand primary suppliers of raw seafood and operates a seafood processing and drying</p>	Section 6.3

Item	Summary	Further information
	facility in Christchurch, New Zealand, with a current annual production capacity of 60 tonnes of raw seafood products input.	
What are NZCS' current activities?	NZCS' current primary product is dried ling maw. The ling fish is a large, white fleshed fish found in deep cool waters and the maw is the swim bladder of the fish. Ling is one of New Zealand's top ten export earners for seafood ¹ and is certified by the Marine Stewardship Council (considered to be the global gold standard for sustainability) ² . Ling maw is cholesterol-free and rich in nutrients and proteins, including collagen. Accordingly, ling maw is valued for its perceived health and nutritional benefits.	Section 6.3
What are the key terms of the Acquisition?	<p>The material terms of the Acquisition Agreement are as follows:</p> <p>(a) Conditions Precedent: the remaining conditions precedent which must be satisfied (or waived) prior to Settlement include:</p> <ul style="list-style-type: none"> (i) there having been no material adverse effect or any event, change, or effect that would, individually or in the aggregate, reasonably be expected to have a material adverse effect on NZCS; (ii) the Company not having been removed from the Official List; (iii) the Company receiving valid applications for a minimum of \$5,000,000 under the Public Offer and completing the Public Offer; (iv) the Company obtaining all necessary Shareholder approvals required by the Corporations Act and the ASX Listing Rules in relation to the Acquisition and the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules and reinstatement of the trading 	Section 11.1.1

¹ <https://www.seafood.co.nz/show-species/ling/>

² <https://www.seafoodnewzealand.org.nz/species/single/?fish=25>

Item	Summary	Further information
	<p>of the Shares on the Official List; and</p> <p>(v) the parties obtaining all necessary regulatory approvals pursuant to the ASX Listing Rules, the Corporations Act and any other law, as required to allow the parties to lawfully complete the Acquisition pursuant to the Acquisition Agreement, including conditional approval by the ASX being granted to reinstate the Shares to trading on the Official List.</p> <p>(b) Consideration: Subject to satisfaction or waiver of the Conditions Precedent, in consideration for acquiring 100% of NZCS' issued share capital, the Company has agreed to issue 166,694,937 Shares (on a post-Subdivision basis) and cause to be transferred 42,840,001 2023 Options (on a post-Subdivision basis) to the Vendors in proportion to their respective shareholding in NZCS at Settlement.</p> <p>A detailed summary of the Acquisition Agreement is set out at Section 11.1.1.</p>	
<p>What approvals are being sought at the XTV General Meeting?</p>	<p>At the XTV General Meeting to be held on 13 June 2019, in connection with the Acquisition, the Company will seek Shareholder approval for the following essential resolutions:</p> <p>(a) the significant change of the nature and scale of the Company's activities to become a seafood processing and distribution company, for which Shareholder approval is required under ASX Listing Rule 11.1.2;</p> <p>(b) the subdivision of the Company's issued capital on the basis that every one (1) Security is split into three (3) Securities;</p> <p>(c) the issue of 166,694,937 Consideration Shares to the Vendors as consideration for the Acquisition of NZCS;</p> <p>(d) the issue of 9,909,747 Advisor Shares to the Advisors for introduction and facilitation services provided</p>	<p>Section 1.3</p>

Item	Summary	Further information
	<p>respectively to the Company and NZCS;</p> <p>(e) the issue of up to 240,000,000 Shares under the Public Offer;</p> <p>(f) the participation of related parties of the Company in the Public Offer;</p> <p>(g) the issue of up to 36,000,000 Lead Manager Options to the Lead Manager for lead manager services provided to the Company in relation to the Public Offer;</p> <p>(h) the appointment of Cataldo Miccio and Jourdan Thompson as Directors on and from Settlement;</p> <p>(i) the change of the Company's name to 'New Zealand Coastal Seafoods Limited'; and</p> <p>(j) the amendment of the terms of the 2023 Options on issue,</p> <p>(together, the Essential Resolutions).</p> <p>A more detailed summary of the Essential Resolutions is set out in Section 1.3.</p>	
How was the value of, and consideration for, the Acquisition determined?	The valuation and number of Shares to be issued (and existing 2023 Options to be transferred) in consideration for the Acquisition of NZCS was determined through arm's length negotiations.	
What is the effect of the Acquisition?	<p>The effect of the Acquisition is that the nature and scale of the activities of the Company will change as the Company proposes to focus on the processing, distributing and exporting of premium seafood products as outlined in this Prospectus upon completion of the Acquisition. The Acquisition is an event which requires the Company to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules, including, among other things, seeking Shareholder approval for the Essential Resolutions, issuing a prospectus and obtaining a sufficient number of Shareholders with the requisite number of Shares in accordance with those rules.</p> <p>On completion of the Acquisition, and assuming all Essential Resolutions are passed at the XTV General Meeting, maximum subscription under the Public Offer, the issue of the Vendor Shares and the Advisor Shares, no Options are exercised and no other Securities are issued other than as disclosed in this Prospectus and the Notice of General Meeting,</p>	Sections 5.9 and 8

Item	Summary	Further information
	<p>the Company will have the following Securities on issue:</p> <p>(a) 569,794,002 Shares; and</p> <p>(b) 136,420,002 Options.</p> <p>The effect of the Acquisition is set out in the capital structure table in Section 5.9, the financial information in the Investigating Accountant's Report included at Section 8 and elsewhere in this Prospectus.</p>	
<p>What industry will the Company operate in following Settlement?</p>	<p>The Company will operate in the fast-moving consumer goods (FMCG) industry, focusing on the seafood market. The global seafood market is currently valued at over US\$160 billion (approximately \$232 billion at the date of this Prospectus)³, and over 180 million tonnes of seafood is consumed annually (based on information from the Organisation for Economic Co-operation and Development)⁴. China and Southeast Asia represent a large share of both the global market and consumption of seafood, and demand is continuing to grow.</p>	<p>Section 6.5</p>
<p>C. Business Model</p>		
<p>What are the key business objectives of the Company?</p>	<p>Following Settlement, the Company will seek to operate and grow NZCS' business.</p>	<p>Section 6.11</p>
<p>How will NZCS generate revenue?</p>	<p>NZCS' business model is based on delivering high-quality, highly-valued New Zealand seafood products through a processing model that allows it to meet consumer demand in target markets, supported by direct and indirect sales and distribution channels. The NZCS business model generates revenues from the sales of higher-margin, value-added products.</p> <p>At present, the majority of NZCS' products are sold to restaurants, supermarkets, seafood traders and other retailers, as well as direct to some customers, in New Zealand, Asia and Australia. Irrespective of geography, NZCS' products are generally targeted at Asian consumers, who value the perceived health and beauty benefits associated with NZCS' products.</p>	<p>Section 6.7</p>

³ <https://www.globenewswire.com/news-release/2018/04/02/1458344/0/en/Global-Market-for-Aquaculture-to-Reach-226-2-Billion-by-2022.html>

⁴ <https://stats.oecd.org/Index.aspx?QueryId=76853>

Item	Summary	Further information
<p>What are the growth strategies for NZCS?</p>	<p>Following Settlement, the Company intends to implement a number of growth strategies to increase NZCS' sales, with a particular focus on Asian markets, including China. These strategies are centred around the following three pillars:</p> <ul style="list-style-type: none"> (a) increasing sales of existing products through expanded production capacity via a new, larger premises and increased ability to access fresh seafood supply; (b) improving profit margins by extending NZCS' range of products to include ready-to-eat products such as pre-packaged soups; and (c) expanding sales capacity by growing NZCS' sales force and expanding distribution channels in existing markets, such as New Zealand, Australia and Hong Kong and entering or further penetrating as relevant markets such as China, Malaysia, Singapore, Indonesia and Vietnam. 	<p>Section 6.8</p>
<p>What are the key dependencies of NZCS business model?</p>	<p>The key factors that NZCS will depend on to meet its objectives are:</p> <ul style="list-style-type: none"> (a) the Company's capacity to re-comply with Chapters 1 and 2 of the ASX Listing Rules to enable re-admission to quotation of the Company's Shares; (b) the successful completion of the Public Offer; (c) the successful completion of the Acquisition; (d) the continued supply of raw seafood products from New Zealand based suppliers at competitive rates; (e) continued demand for NZCS' processed products, particularly in Asia; (f) the market price of NZCS' processed products remaining high enough to ensure NZCS operates profitably; (g) successful increase of NZCS' production capacity; (h) the continued ability to process and supply NZCS' products within its target markets; 	<p>Section 6.9</p>

Item	Summary	Further information
	<ul style="list-style-type: none"> (i) maintaining and building effective distribution channels with reliable, qualified industry partners; and (j) retention of senior management and qualified staff. 	

D. Key Advantages and Key Risks

<p>What are the key advantages of an investment in the Company?</p>	<p>The Directors believe that an investment in the Company provides the following non-exhaustive list of advantages:</p> <ul style="list-style-type: none"> (a) NZCS has a proven ability to process and sell higher-margin seafood products to customers; (b) it has established a track record for achieving growth in both revenue and EBITDA; (c) there are identified potential opportunities for significant growth, including: <ul style="list-style-type: none"> (i) increasing sales of existing products through expanded production capacity and increased access to raw seafood supply; (ii) improving profit margins by extending the range of products to include ready-to-eat products such as pre-packaged soups; (iii) entering or further penetrating as relevant into markets such as Malaysia, Singapore, Indonesia and Vietnam; and (d) NZCS' growth potential is reinforced by market data which highlights that key target Asian markets are large and growing; (e) NZCS' products are processed and packaged both in-house and externally using high quality ingredients that are highly valued for their New Zealand provenance in target markets; and (f) the key executives and senior management of NZCS have an intimate knowledge of the industry in which NZCS operates and will remain in the business after Settlement. 	<p>Section 6.4</p>
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Item	Summary	Further information
<p>What are the key risks of an investment in the Company?</p>	<p>Risks associated with an investment in the Company under this Prospectus are detailed in Section 7.</p> <p>In addition to the risks detailed in Section 7, key risk factors include:</p> <p>(a) Limited trading history: NZCS has limited operating history and limited historical financial performance and is subject to risks common to early-stage companies, including increasing market share and brand recognition, successfully developing its anticipated products, expanding its manufacturing facilities and competing with larger competitors.</p> <p>(b) Growth risk: Achievement of the Company's objectives will depend on the Board's and the executive team's ability to successfully implement its growth strategy. This strategy involves the expansion of NZCS' production capacity through the development of a new manufacturing plant and the expansion of its product lines.</p> <p>(c) Product pricing: NZCS' revenue is largely dependent upon the sale of dried seafood processed from its operations, namely ling maw. The Company's earnings are therefore closely related to the sale price of ling maw and other dried seafood products. There is a risk that a reduction in the prices received by the Company for its products could have material adverse impact on the operational results and financial performance of the Company.</p> <p>(d) Consumer demand: NZCS sells premium seafood products. Therefore, there is a risk that changing economic conditions could cause consumers to reduce their consumption of NZCS' products or substitute NZCS' products with cheaper seafood products.</p> <p>(e) Reputation: There is a risk that some incident or development beyond the control of NZCS could occur which would have the effect of reducing consumer confidence or preferences for NZCS' products and seafood generally. The consequences of such an incident or development could be very significant for NZCS, with impacts</p>	<p>Section 7</p>

Item	Summary	Further information
	<p>potentially including reduced revenues, loss of consumer trust in NZCS' products, and reduced prominence of the NZCS' brands or reputation in customers' minds.</p> <p>(f) Food Safety: NZCS is exposed to the risk of product contamination and product recalls. There is also a risk that NZCS' products could cause a serious food poisoning incident as a result of an operational lapse in food safety or sanitation procedures or malicious tampering. Seafood in particular is a highly perishable product unless handled in accordance with strict processing, packing, storage and transport protocols. Further, NZCS' operations involve the drying and handling of seafood. Food safety concerns associated with drying seafood, including improper storage or drying techniques, could result in product contamination. A reduction in product quality has a material impact on the recoverable price for the end product and may adversely impact the Company's operating or financial performance.</p> <p>(g) Seasonal and environmental: As a seafood processor, NZCS is exposed to volatility in supply caused by seasonal weather and environmental conditions which impact the availability and cost of raw seafood from its suppliers.</p> <p>(h) Supply risk: The Company relies on the supply of high quality seafood from a number of local New Zealand suppliers in order to process its products. There is a risk that the cost of seafood could increase substantially due to local or international market events. In addition, there is a risk that the supply of fresh seafood could be materially disrupted due to the occurrence of a natural disaster or disease that affects NZCS' suppliers ability to catch and/or deliver seafood to NZCS as well as changes in the regulation of the suppliers' fishing operations and/or reductions in the allowable catch limits applying to those suppliers. Further, NZCS is not currently party to any formal supply</p>	

Item	Summary	Further information
	contracts. A material supply disruption could result in NZCS being unable to procure raw seafood at competitive prices, if at all.	
E. Directors and Key Management Personnel		
Who are the Existing Directors and Proposed Directors?	<p>It is proposed that upon Settlement:</p> <ul style="list-style-type: none"> (a) Winton Willesee and Eryn Dale will remain on the Board; (b) Cataldo Miccio and Jourdan Thompson will be appointed to the Board; and (c) Harry Hill will resign from the Board. <p>The profiles of each of the Existing Directors and Proposed Directors are set out in Sections 9.2 and 9.3 respectively. Details of the personal interests of each of the above individuals are set out in Section 9.5.</p>	Sections 9.2 and 9.3
F. Related Party Agreements		
What agreements has the Company entered into with related parties?	<p>The Company has entered into a number of agreements with related parties, including:</p> <ul style="list-style-type: none"> (a) an interim funding loan agreement with NZCS; (b) letters of appointment for the Existing Directors and the Proposed Directors in respect of their appointment as Non-Executive Directors of the Company; (c) deeds of indemnity, insurance and access with each of the Existing Directors and Proposed Directors; (d) a company secretarial and registered office agreement with Azalea Consulting Pty Ltd, a company related to Winton Willesee, a Director, for the provision of company secretarial services; (e) a letter agreement with Valle Corporate Pty Ltd, a company related to Winton Willesee, a Director, for the provision of accounting services; and (f) a corporate advisory mandate with Brentridge Capital Pty Ltd (Brentridge). Brentridge is a related party of Bergen Global Opportunity Fund, LP and White Oak Ridge Capital, LLC, the Company's majority shareholders at the date of this Prospectus. 	Section 11

Item	Summary	Further information
	<p>NZCS has also entered into the Advisor Agreement with Cataldo Miccio, a Proposed Director.</p> <p>A more detailed summary of these agreements is set out in Section 11.</p>	
G. Financial Information		
How have the Company and NZCS been performing?	<p>The Company is currently admitted to the Official list and its financial history, including its audited financial statements, can be found on the Company's ASX announcements platform (ASX: XTV) on www.asx.com.au.</p> <p>The reviewed statement of financial position of the Company as at 31 December 2018 and the audited financial information for NZCS for the period from incorporation (10 November 2016) to 31 March 2017, the full financial year ending 31 March 2018, and for the nine months ended 31 December 2018 are set out in abbreviated form in the Financial Information in Section 8.</p>	Sections 6.3 and 8
What is the financial outlook for the Company and NZCS?	<p>The reviewed pro-forma statement of financial position for the Company as at 31 December 2018 (which assumes the completion of the Acquisition and completion of the Offers) is set out in the Financial Information in Section 8.</p> <p>The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of NZCS are inherently uncertain. Any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection on a reasonable basis.</p>	Section 8
H. Public Offer		
What is the purpose of the Public Offer?	<p>The purpose of the Public Offer is to:</p> <ul style="list-style-type: none"> (a) implement the business model and objectives of the Company as stated in Section C above; (b) assist the Company to meet the re-admission requirements of ASX and satisfy Chapters 1 and 2 of the ASX Listing Rules; and (c) satisfy a condition precedent to the Acquisition Agreement. <p>The satisfaction of Chapters 1 and 2 of the ASX Listing Rules is sought for the purpose of seeking ASX's approval for reinstatement of the Securities to Official Quotation.</p>	Section 5.8

Item	Summary	Further information
	<p>The purpose of the Public Offer is also to provide sufficient working capital to meet the Company's objects stated in this Prospectus.</p> <p>The Company intends to apply funds raised from the Public Offer in the manner set out in Section 5.8.</p> <p>The Board believes that on completion of the Public Offer, the Company will have sufficient working capital to achieve its objectives.</p>	
<p>What is being offering in the Public Offer and who is entitled participate in the Public Offer?</p>	<p>The Company is offering up to 240,000,000 Shares at an issue price of \$0.025 per Share to raise up to \$6,000,000.</p> <p>Only residents of Australia, New Zealand and certain other jurisdictions described in Section 5.18 may participate in the Public Offer.</p> <p>The Public Offer includes a priority offer to Shareholders registered at the Public Offer Record Date with a registered address in Australia or New Zealand.</p>	<p>Sections 5.1 and 5.18</p>
<p>What is being offered and what are the purposes of the Additional Offers?</p>	<p>The Company is also offering Shares to the Vendors pursuant to the Vendor Offer, Shares to the Advisors pursuant to the Advisor Offer, Options to the Directors pursuant to the Director Offer and Options to the Lead Manager pursuant to the Lead Manager Offer. These are the Additional Offers.</p> <p>The purpose of the Additional Offers is to remove the need for an additional disclosure document to be issued upon the sale of any Securities that are issued under the Additional Offers. The Additional Offers are made to the Vendors, Advisors, Directors and Lead Manager respectively (or their respective nominees). You should not complete an Application Form in relation to an Additional Offer unless specifically directed to do so by the Company. Please refer to Section 5.2 for further details of the Offers.</p>	<p>Section 5.2</p>
<p>Is the Public Offer underwritten?</p>	<p>The Public Offer is not underwritten.</p>	<p>Section 5.5</p>
<p>Who is the lead manager to the Public Offer?</p>	<p>The Company has appointed Patersons Securities Limited (Lead Manager) as lead manager to the Public Offer.</p> <p>The Patersons Mandate commenced on 2 May 2019 and will continue until the date of issue of Shares under the Public Offer, unless extended by written agreement between the parties.</p> <p>The Company has agreed to pay the following fees and issue the following Options to the</p>	<p>Sections 5.6 and 11.1.2</p>

Item	Summary	Further information
	<p>Lead Manager as consideration for its role as lead manager to the Public Offer:</p> <p>(a) (Lead Manager Fee): a lead manager fee of \$80,000 (plus GST) payable on completion of the Public Offer;</p> <p>(b) (Lead Manager Options): that number of Lead Manager Options equal to 15% of the total Public Offer Shares to be issued under the Public Offer; and</p> <p>(c) (Selling Fee): a selling fee equal to 6% (plus GST) on the total gross amount raised under the Public Offer.</p> <p>Some or all of the fees payable to the Lead Manager under the mandate may be required to be passed on to other brokers or advisers who assist with the Public Offer.</p> <p>A more detailed summary of the Patersons Mandate is set out in Section 11.1.2.</p> <p>The fees payable to the Lead Manager were negotiated on an arm's length basis.</p> <p>Patersons Securities Limited and its directors do not currently hold any Shares in the Company.</p>	
Who is the Corporate Advisor to the Company?	<p>The Company has appointed Brentridge Capital Pty Ltd as corporate advisor to the Company in connection with the Public Offer.</p> <p>Brentridge is a related party of Bergen Global Opportunity Fund, LP and White Oak Ridge Capital, LLC, the Company's majority shareholders at the date of this Prospectus. The Company has agreed to pay Brentridge the fees described in the detailed summary of the Brentridge Mandate set out in Section 11.1.3.</p>	Sections 5.7 and 11.1.3
What will the Company's capital structure look like after completion of the Offers and the Acquisition?	<p>Please refer to Section 5.9 for a pro-forma capital structure following completion of the Acquisition and the Offers and the implementation of all Essential Resolutions to be approved at the XTV General Meeting.</p>	Section 5.9
What are the terms of the Securities offered under the Offers?	<p>A summary of the material rights and liabilities attaching to the Shares offered under the Offers is set out in Section 12.2. The Options offered under the Director Offer and the Vendor Offer are 2023 Options which are already on issue and will be transferred to the Directors and the Vendors respectively on the terms and conditions set out in Section 12.4. The Options offered under the Lead Manager Offer</p>	Section 12

Item	Summary	Further information
	will be issued to the Lead Manager on the terms and conditions set out in Section 12.3.	
Will any Securities be subject to escrow?	<p>Subject to the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules and completing the Offers, certain Securities on issue (including certain Securities issued under the Additional Offers) will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation.</p> <p>The Company confirms its 'free float' (the percentage of the Shares that are not restricted and are held by shareholders who are not related parties (or their associates) of the Company) at the time of reinstatement will be not less than 20% in compliance with ASX Listing Rule 1.1 Condition 7.</p> <p>During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.</p>	Section 5.16
Will the Securities offered under the Public Offer be quoted?	Application for quotation of all Shares to be issued under the Public Offer, the Vendor Offer and the Advisor Offer will be made to ASX no later than 7 days after the date of this Prospectus. No application for quotation will be made in respect of the Options offered under the Additional Offers.	Section 5.13
What are the key dates of the Offers?	The key dates of the Offers are set out in the indicative timetable in Section 3 of this Prospectus.	Section 3
What is the minimum investment size under the Public Offer?	Applications under the Public Offer must be for a minimum of \$2,000 worth of Shares (80,000 Shares) and thereafter, in multiples of \$500 worth of Shares (20,000 Shares).	Section 5.12
Are there any conditions to the Offers?	<p>The Offers are conditional on the Acquisition Agreement becoming unconditional which will require the Minimum Subscription to be obtained and the passing of all Essential Resolutions at the XTV General Meeting (Conditions). Please refer to Section 1.3 for a list of the conditions precedent to completion under the Acquisition Agreement.</p> <p>In the event that those events do not occur, the Offers will not proceed and no Securities will be issued pursuant to this Prospectus. If this occurs, applicants will be refunded their application</p>	Section 1.3

Item	Summary	Further information
	monies without interest and otherwise in accordance with the Corporations Act.	
I. Use of funds		
How will the proceeds of the Public Offer be used?	<p>The Public Offer proceeds and the Company's existing cash reserves will be used for:</p> <ul style="list-style-type: none"> (a) implementing the Company's business objectives as set out in Part C of this Section 4; (b) expansion of manufacturing facilities and acquisition of new equipment; (c) expansion of sales staff and additional marketing expenditure; (d) expansion of operational staff, inputs and product development; (e) expenses of the Public Offer; and (f) working capital and administrative expenses. <p>Further details of the Company's use of funds are set out in Section 5.8.</p>	Section 5.8
Will the Company be adequately funded after completion of the Public Offer?	The Directors are satisfied that on completion of the Public Offer, the Company will have sufficient working capital to carry out its objectives as stated in this Prospectus.	Section 5.8
J. Additional information		
Is there any brokerage, commission or duty payable by applicants?	No brokerage, commission or duty is payable by applicants on the acquisition of Securities under the Offers.	Section 5.21
What are the tax implications of investing in Securities?	<p>Holders of Shares may be subject to Australian tax on dividends and possibly capital gains tax on a future disposal of Shares subscribed for under this Prospectus.</p> <p>The tax consequences of any investment in Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to subscribe for Securities offered under this Prospectus.</p>	Section 5.21
What are the corporate governance principles and policies of the Company?	To the extent applicable, in light of the Company's size and nature, the Company has adopted <i>The Corporate Governance Principles and Recommendations (3rd Edition)</i> as published by ASX Corporate Governance Council (Recommendations).	Section 10

Item	Summary	Further information
	<p>The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined in Section 10.</p> <p>In addition, the Company's full Corporate Governance Plan is available from the Company's website at www.xtv.net.</p> <p>Prior to re-admission to the ASX, the Company will announce its main corporate governance policies and practices and the Company's compliance and departures from the Recommendations.</p>	
Where can I find more information?	<p>(a) By speaking to your sharebroker, solicitor, accountant or other independent professional adviser;</p> <p>(b) By reviewing the Company's public announcements, which are accessible from ASX's website at www.asx.com.au under the code "XTV";</p> <p>(c) By visiting the Company's website at www.xtv.net and NZCS' website at www.nzcoastalseafoods.com; or</p> <p>(d) By contacting Winton Willesee, the Chairman, on +61 410 667 844.</p>	

This Section is a summary only and not intended to provide full information for investors intending to apply for Securities offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

5. DETAILS OF THE OFFERS

5.1 The Public Offer

Pursuant to this Prospectus, the Company invites applications for up to 240,000,000 Shares at an issue price of \$0.025 per Share to raise up to \$6,000,000 (**Maximum Subscription**) with a minimum subscription of \$5,000,000 (200,000,000 Shares) (**Public Offer**).

The Public Offer includes a priority offer to Shareholders registered at the Public Offer Record Date with a registered address in Australia or New Zealand. The Company will accept applications from these Shareholders up to an amount of \$2,000,000 in priority to the allocation of other Shares under the Public Offer subject to the allocation policy set out in Section 5.15.

The Shares offered under the Public Offer will rank equally with the existing Shares on issue. A summary of the material rights and liabilities attaching to the Shares is set out in Section 12.2.

5.2 Additional Offers

5.2.1 Vendor Offer

This Prospectus includes the offer of 166,694,937 Consideration Shares to be issued, and 42,840,001 Consideration Options to be transferred by existing holders, to the Vendors (or their respective nominee(s)) pursuant to the Acquisition Agreement in consideration for the acquisition of 100% of the issued capital of NZCS.

The Consideration Shares offered under the Vendor Offer will rank equally with the existing Shares on issue other than in respect of any escrow imposed by ASX. A summary of the material rights and liabilities attaching to the Consideration Shares is set out in Section 12.2. The Consideration Options are already on issue with the terms and conditions set out in Section 12.4.

Application for quotation of the Consideration Shares issued (but not the Consideration Options transferred) under the Vendor Offer will be made to ASX no later than 7 days after the date of this Prospectus.

Only the Vendors may apply under the Vendor Offer. A personalised Application Form in relation to the Vendor Offer will be issued to the Vendors together with a copy of this Prospectus.

The Consideration Shares issued and the Consideration Options transferred under the Vendor Offer will be classified by ASX as restricted securities and may be required to be held in escrow for up to 24 months from the date of Official Quotation following completion of the Acquisition. Prior to the issue of Shares and transfer of Options to the Vendors (or their respective nominee(s)) under the Vendor Offer the Vendors (or their respective nominee(s)) will be required to enter into a restriction agreement in respect of the number of Shares and time period determined by ASX.

5.2.2 Advisor Offer and Director Offer

This Prospectus includes the offer of:

- (a) 8,409,747 Shares to be issued to Richard Fyers (or his nominee) in consideration for certain finder and introduction services provided by Mr Fyers to the Company in respect of the Acquisition;

- (b) 1,500,000 Shares to be issued to BVG Trade and Investment Limited (or its nominee) in consideration for certain finder and introduction services provided by BVG to NZCS to facilitate an investment in NZCS; and
- (c) 16,000,000 Options to be transferred to Eryn Dale, an Existing Director, and Jourdan Thompson, a Proposed Director, by the existing holders as an incentive to act as Directors.

The Advisor Shares offered under the Advisor Offer will rank equally with the existing Shares on issue other than in respect of any escrow imposed by ASX. A summary of the material rights and liabilities attaching to Shares is set out in Section 12.2. The Options to be transferred under the Director Offer are 2023 Options and are already on issue on the terms and conditions set out in Section 12.4.

Application for quotation of the Advisor Shares issued under the Advisor Offer (but not the Options under the Director Offer) will be made to ASX no later than 7 days after the date of this Prospectus.

Only the Advisors may accept the Advisor Offer and only the Directors may accept the Director Offer. A personalised Application Form in relation to the Advisor Offer and Director Offer will be issued to the Advisors and Directors respectively together with a copy of this Prospectus.

All Advisor Shares issued under the Advisor Offer and Options transferred under the Director Offer are expected to be restricted from trading for 24 months from the date of Official Quotation in accordance with the ASX Listing Rules.

5.2.3 Lead Manager Offer

This Prospectus includes the offer of up to 36,000,000 Lead Manager Options to be issued to the Lead Manager (or its nominees) in consideration for services provided by the Lead Manager to the Company in relation to the Public Offer.

The Lead Manager Options offered under the Lead Manager Offer will be issued on the terms and conditions set out in Section 12.3.

Only Patersons Securities Limited, the Lead Manager (or its nominees), may accept the Lead Manager Offer. A personalised Application Form in relation to the Lead Manager Offer will be issued to Patersons Securities Limited (or its nominees) together with a copy of this Prospectus.

All Lead Manager Options issued under the Lead Manager Offer are expected to be restricted from trading for 24 months from the date of Official Quotation in accordance with the ASX Listing Rules.

5.3 Minimum subscription

The minimum amount which must be raised under the Public Offer is \$5,000,000 (**Minimum Subscription**). If the Minimum Subscription has not been raised within 4 months after the date of this Prospectus, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

5.4 Oversubscriptions

No oversubscriptions will be accepted by the Company.

5.5 Not underwritten

The Public Offer is not underwritten.

5.6 Lead Manager

The Company has appointed Patersons Securities Limited (ACN 008 896 311) (AFSL No. 239 052) (**Lead Manager**) as lead manager to the Public Offer.

Please refer to Section 11.1.2 for a summary of the Patersons Mandate.

The fees payable to the Lead Manager were negotiated on an arm's length basis.

5.7 Corporate Advisor

The Company has appointed Brentridge Capital Pty Ltd (**Corporate Advisor**) as corporate advisor to the Company.

Please refer to Section 11.1.3 for a summary of the Brentridge Mandate.

The fees payable to the Corporate Advisor were negotiated on an arm's length basis.

5.8 Use of Funds

The Company intends to apply funds raised from the Public Offer over the first two years following re-admission of the Company to the Official List as follows:

Funds Available	Minimum Subscription		Maximum Subscription	
	Amount (A\$)	%	Amount (A\$)	%
Public Offer funds	\$5,000,000	100%	\$6,000,000	100%
Application of Funds	Amount (A\$)	%	Amount (A\$)	%
Expansion of sales staff and marketing expenditure	1,000,000	20%	1,200,000	20%
Expansion of manufacturing facilities and other capital expenditures	1,100,000	22%	1,100,000	18%
Expansion of operational staff, inputs (including raw seafood inputs) and product development	975,000	20%	1,475,000	25%
Listing, compliance, corporate administration and Head Office costs	635,000	13%	635,000	11%
Expenses of the Public Offer ¹	786,000	16%	847,000	14%
Working capital	504,000	10%	743,000	12%
Total	5,000,000	100%	6,000,000	100%

Notes:

1. Please refer to Section 12.9 for further details.

As noted above, the Company intends to use approximately \$1,000,000 of the capital raised under the Public Offer (assuming Minimum Subscription), or approximately \$1,200,000 (assuming Maximum Subscription), to fund the expansion of sales staff including the appointment of a head of business development and the appointment of branding and marketing consultants as well as capital available for marketing purposes.

The Company intends to use approximately \$1,100,000 of the capital raised under the Public Offer (assuming both Minimum and Maximum Subscription), to fund the relocation of NZCS's manufacturing facilities from its existing leased premises to a new leased site and to expand NZCS' manufacturing capacity in general. During this relocation, NZCS intends to use its existing facilities until new facilities are secured and operational.

In addition, the Company intends to use approximately \$975,000 of the capital raised under the Public Offer (assuming Minimum Subscription), or approximately \$1,475,000 (assuming Maximum Subscription), to fund the expansion of operational and supervisory staff required for the expansion of the Company's manufacturing capacity, and to facilitate access to increased quantities of raw seafood inputs.

It is anticipated that the funds raised under the Public Offer will enable at least two years of full operations (if the Minimum Subscription is raised).

In the event the Company raises more than the Minimum Subscription of \$5,000,000, the additional funds raised will be first applied towards the additional expenses of the Offers, then towards facilitating access to increased quantities of raw seafood inputs, then toward increased marketing and branding and expansion of the sales staff and then towards working capital. On completion of the Public Offer, the Board believes the Company will have sufficient working capital to achieve these objectives. It should however be noted that an investment in the Company is speculative and investors are encouraged to read the risk factors outlined in Section D of Section 4 as well as Section 7.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances (including the need to adapt to a changing competitive environment, and the level of demand for the Company's products) have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

The use of further debt or equity funding will be considered by the Board where it is appropriate to expand sales, accelerate product development, develop additional production capacity, or capitalise on further opportunities.

5.9 Pro-forma Capital Structure

The capital structure of the Company following completion of the Acquisition and the Offers is summarised below:

	Public Offer Minimum Subscription	Public Offer Minimum Subscription	Public Offer Maximum Subscription	Public Offer Maximum Subscription
	Shares	Options	Shares	Options
Currently on issue	51,063,106	33,473,334 ¹	51,063,106	33,473,334 ¹
On issue upon completion of Subdivision	153,189,318	100,420,002 ²	153,189,318	100,420,002 ²
Public Offer	200,000,000	nil	240,000,000	nil
Issue of Consideration Shares	166,694,937	nil	166,694,937	nil
Issue of Advisor Shares	9,909,747	nil	9,909,747	nil
Issue of Lead Manager Options	nil	30,000,000	nil	36,000,000
TOTAL	529,794,002	130,420,002	569,794,002	136,420,002

Notes:

1. Consisting of 140,000 unquoted Options exercisable at \$2.60 each on or before 31 May 2019 and 33,333,334 unquoted Options exercisable at \$0.06 each on or before 5 February 2023. Investors should take note that the first class of these Options, being the 2019 Options, are due to expire shortly.
2. Consisting of 420,000 unquoted Options exercisable at approximately \$0.867 each on or before 31 May 2019 and 100,000,002 unquoted Options exercisable at \$0.02 each on or before 5 February 2023. Note that Shareholder approval is being sought at the XTV General Meeting to amend the terms of the second class of these Options to increase their exercise price to \$0.06 (post-Subdivision).

Subject to the Company being re-admitted to the Official List, certain Securities on issue prior to the Offers or issued in accordance with the Additional Offers will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. No Shares issued under the Public Offer will be subject to escrow under the ASX Listing Rules.

The Company confirms its 'free float' (the percentage of the Shares that are not restricted and are held by shareholders who are not related parties (or their associates) of the Company) at the time of reinstatement will be not less than 20% in compliance with ASX Listing Rule 1.1 Condition 7.

5.10 Dilution

The Company currently has 51,063,106 Shares on issue (on a pre-Subdivision basis) which will equate to 153,189,318 Shares on a post-Subdivision basis. Pursuant to the Acquisition, the Company proposes to complete the Subdivision and issue:

- (a) the Consideration Shares to the Vendors;
- (b) the Advisor Shares to the Advisors; and
- (c) the Public Offer Shares to participants in the Public Offer.

The dilutionary effect to existing Shareholders on completion of the Subdivision and the issue of the Consideration Shares, the Advisor Shares and the maximum number of Public Offer Shares which can be issued under the Public Offer (and provided no Options are exercised) is set out in the table below:

Percentage of Shares held by different categories of Shareholders on Settlement and completion of the Public Offer		
Category of Shareholder	Minimum Subscription	Maximum Subscription
Existing Shareholders as at the date of this Prospectus	28.91%	26.89%
Participants in the Public Offer	37.75%	42.12%
Vendors ¹	31.46%	29.26%
Advisors	1.87%	1.74%
Total	100.00%	100.00%
Total number of Shares on issue	529,794,002	569,794,002

Notes:

1. Comprising Cataldo Miccio, Peter Win, Alexander Trading Corporation Ltd and Chang Yan Chen.

If subsequently the Consideration Options and the Lead Manager Options are exercised (and assuming no other Shares are issued or other Options are exercised), the dilutionary effect to existing Shareholders is set out in the table below:

Percentage of Shares held by different categories of Shareholders on Settlement and completion of the Public Offer		
Category of Shareholder	Minimum Subscription	Maximum Subscription
Existing Shareholders as at the date of this Prospectus	25.42%	23.62%
Participants in the Public Offer	33.19%	37.00%
Vendors ¹	34.77%	32.30%
Advisors	1.65%	1.53%
Lead Manager	4.98%	5.55%
Total	100.00%	100.00%
Total number of Shares on issue	602,634,003	648,634,003

Notes:

1. Comprising Cataldo Miccio, Peter Win, Alexander Trading Corporation Ltd and Chang Yan Chen.

5.11 Substantial Shareholders

Those Shareholders holding 5% or more of the Shares on issue both as at the date of this Prospectus and on completion of the Offers are set out in the respective tables below (prepared on a post-Subdivision basis).

As at the date of the Prospectus

Shareholder	Shares	Options	% (undiluted)
Bergen Global Opportunity Fund, LP ¹	67,500,000	22,920,000 ²	44.06%
White Oak Ridge Capital, LLC ¹	60,000,000	75,000,000 ³	39.17%

Notes:

1. Bergen Global Opportunity Fund, LP and White Oak Ridge Capital, LLC are associates.
2. Bergen Global Opportunity Fund, LP's relevant interest in Options at the date of this Prospectus (on a post-Subdivision basis) comprises 22,500,000 2023 Options and 420,000 2019 Options. Investors should take note that the 2019 Options are due to expire shortly.
3. White Oak Ridge Capital, LLC's relevant interest in Options at the date of this Prospectus (on a post-Subdivision basis) comprises 75,000,000 2023 Options.

On completion of the Offers and Settlement (assuming the Minimum Subscription is raised, no Options are exercised, and no existing substantial Shareholder subscribes and receives additional Shares pursuant to the Offers)

Shareholder	Shares	Options	% (undiluted)
Bergen Global Opportunity Fund, LP ¹	83,500,000 ²	9,681,000 ³	15.76%
White Oak Ridge Capital, LLC ¹	60,000,000	30,870,000 ⁴	11.33%
Cataldo Miccio ⁵	54,786,730	13,566,000	10.34%
Peter Win ⁶	52,786,730	13,566,000	9.96%
Alexander Trading Corporation Ltd ⁷	52,786,730	13,566,000	9.96%

Notes:

1. Bergen Global Opportunity Fund, LP and White Oak Ridge Capital, LLC are associates.
2. Shareholder approval is being sought at the XTV General Meeting to allow Bergen Global Opportunity Fund, LP to subscribe for up to 16,000,000 Shares under the Public Offer. Accordingly, Bergen Global Opportunity Fund, LP may increase its relevant interest in Shares from 67,500,000 to 83,500,000.
3. As part of the Acquisition, Bergen Global Opportunity Fund, LP has agreed to transfer 9,639,000 2023 Options (on a post-Subdivision basis) to the Vendors pursuant to the Acquisition Agreement and has agreed to transfer 3,600,000 2023 Options (on a post-Subdivision basis) to Non-Executive Directors of the Company. Please refer to Section 11.1.1 for further details on the transfer of the 2023 Options by Bergen Global Opportunity Fund, LP. Investors should take note that the 420,000 2019 Options will have expired prior to completion of the Offers, unless Bergen Global Opportunity Fund, LP elects to exercise the 2019 Options beforehand.
4. As part of the Acquisition, White Oak Ridge Capital, LLC has agreed to transfer 32,130,000 2023 Options (on a post-Subdivision basis) to the Vendors pursuant to the Acquisition Agreement and has agreed to transfer 12,000,000 2023 Options (on a post-Subdivision

basis) to Non-Executive Directors of the Company. Please refer to Section 11.1.1 for further details on the transfer of the 2023 Options by White Oak Ridge Capital, LLC.

5. Cataldo Miccio is a Vendor and a Proposed Director. Mr Miccio's relevant interest in Securities includes 52,786,730 Consideration Shares to be issued to Mr Miccio and 13,566,000 Consideration Options to be transferred to Mr Miccio pursuant to the Acquisition. In addition, Shareholder approval is also being sought at the XTV General Meeting to allow Mr Miccio to subscribe for up to 2,000,000 Shares under the Public Offer.
6. Peter Win is a Vendor. Mr Win's relevant interest in Securities includes 52,786,730 Consideration Shares to be issued to Mr Win and 13,566,000 Consideration Options to be transferred to Mr Win pursuant to the Acquisition.
7. Alexander Trading Corporation Ltd is a Vendor. Alexander Trading Corporation Ltd's relevant interest in Securities includes 52,786,730 Consideration Shares to be issued to it and 13,566,000 Consideration Options to be issued to it pursuant to the Acquisition.

On completion of the Offers and Settlement (assuming the Maximum Subscription is raised, no Options are exercised, and no existing substantial Shareholder subscribes and receives additional Shares pursuant to the Offers)

Shareholder	Shares	Options	% (undiluted)
Bergen Global Opportunity Fund, LP ¹	83,500,000 ²	9,681,000 ³	14.65%
White Oak Ridge Capital, LLC ¹	60,000,000	30,870,000 ⁴	10.53%
Cataldo Miccio ⁵	54,786,730	13,566,000	9.62%
Peter Win ⁶	52,786,730	13,566,000	9.26%
Alexander Trading Corporation Ltd ⁷	52,786,730	13,566,000	9.26%

Notes:

1. Bergen Global Opportunity Fund, LP and White Oak Ridge Capital, LLC are associates.
2. Shareholder approval is being sought at the XTV General Meeting to allow Bergen Global Opportunity Fund, LP to subscribe for up to 16,000,000 Shares under the Public Offer. Accordingly, Bergen Global Opportunity Fund, LP may increase its relevant interest in Shares from 67,500,000 to 83,500,000.
3. As part of the Acquisition, Bergen Global Opportunity Fund, LP has agreed to transfer 9,639,000 2023 Options (on a post-Subdivision basis) to the Vendors pursuant to the Acquisition Agreement and has agreed to transfer 3,600,000 2023 Options (on a post-Subdivision basis) to Non-Executive Directors of the Company. Please refer to Section 11.1.1 for further details on the transfer of the 2023 Options by Bergen Global Opportunity Fund, LP. Investors should take note that the 420,000 2019 Options will have expired prior to completion of the Offers, unless Bergen Global Opportunity Fund, LP elects to exercise the 2019 Options beforehand.
4. As part of the Acquisition, White Oak Ridge Capital, LLC has agreed to transfer 32,130,000 2023 Options (on a post-Subdivision basis) to the Vendors pursuant to the Acquisition Agreement and has agreed to transfer 12,000,000 2023 Options (on a post-Subdivision basis) to Non-Executive Directors of the Company. Please refer to Section 11.1.1 for further details on the transfer of the 2023 Options by White Oak Ridge Capital, LLC.
5. Cataldo Miccio is a Vendor and a Proposed Director. Mr Miccio's relevant interest in Securities includes 52,786,730 Consideration Shares to be issued to Mr Miccio and 13,566,000 Consideration Options to be transferred to Mr Miccio pursuant to the Acquisition. In addition, Shareholder approval is also being sought at the XTV General Meeting to allow Mr Miccio to subscribe for up to 2,000,000 Shares under the Public Offer.
6. Peter Win is a Vendor. Mr Win's relevant interest in Securities includes 52,786,730 Consideration Shares to be issued to Mr Win and 13,566,000 Consideration Options to be transferred to Mr Win pursuant to the Acquisition.

- Alexander Trading Corporation Ltd is a Vendor. Alexander Trading Corporation Ltd's relevant interest in Securities includes 52,786,730 Consideration Shares to be issued to it and 13,566,000 Consideration Options to be issued to it pursuant to the Acquisition.

Bergen Global Opportunity Fund, LP is a related party of the Company as it, along with its associates, controls the Company at the date of this Prospectus. Bergen Global Opportunity Fund, LP is the ultimate parent company of White Oak Ridge Capital, LLC, a substantial shareholder of the Company. Bergen Global Opportunity Fund, LP is ultimately controlled by Mr Eugene Tablis.

The Company will announce to the ASX details of its top-20 Shareholders (following completion of the Offers) prior to the Shares commencing trading on ASX.

No other person is expected by the Company to acquire control of, or voting power of 20% or more in, the Company as a result of the Acquisition.

5.12 Applications

Applications for Shares under the Public Offer must be made using the Public Offer Application Form.

By completing a Public Offer Application Form, each applicant under the Public Offer will be taken to have declared that all details and statements made by it are complete and accurate and that it has personally received the Public Offer Application Form together with a complete and unaltered copy of the Prospectus.

Applications for Shares must be for a minimum of 2,000 Shares and thereafter in multiples of 500 Shares and payment for the Shares must be made in full at the issue price of \$0.025 per Share.

If paying by cheque, completed Public Offer Application Forms and accompanying cheques, made payable to "**XTV Networks Limited**" and crossed "**Not Negotiable**", must be mailed or delivered to the address set out on the Public Offer Application Form by no later than 5:00pm (WST) on the Closing Date of the Public Offer.

If a Public Offer Application Form is not completed correctly or if the accompanying payment is the wrong amount, the Company may, in its discretion, still treat the Public Offer Application Form to be valid. The Company's decision to treat an application as valid, or how to construe, amend or complete it, will be final.

Participation in the Additional Offers is personal and a personalised Application Forms in relation to the Additional Offers will be issued to the relevant participants (as applicable) together with a copy of this Prospectus.

The Company reserves the right to close the Offers early.

5.13 ASX listing

Application for Official Quotation by ASX of the Shares offered pursuant to the Public Offer will be made within 7 days after the date of this Prospectus. However, applicants should be aware that ASX will not commence Official Quotation of any Shares until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules and has received the approval of ASX to be re-admitted to the Official List. As such, the Shares may not be able to be traded for some time after the close of the Offers.

If the Shares for which application for Official Quotation on ASX are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the ASIC, the Company will not issue any Securities under the Offers and will repay all application monies for the Securities within the time prescribed under the Corporations Act, without interest. In those circumstances the Company will not proceed with the Acquisition.

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

5.14 Issue

Subject to the satisfaction of the Conditions, issue of Securities offered by this Prospectus will take place as soon as practicable after the relevant Closing Date.

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

To the extent application monies (or subscription proceeds in United States nomenclature) are raised through a concurrent Regulation D offering in the United States (see Section 5.18.1 below) or an equivalent concurrent offering in Singapore (Section 5.18.2 below), Hong Kong (Section 5.18.3 below), the People's Republic of China (Section 5.18.4 below), or any offering in any other jurisdiction in which it is lawful to make such offering (see Section 5.18 below), any subscription proceeds furnished by investors in such a concurrent offering will be included for calculating whether the minimum subscription has been reached, and such proceeds will be held in trust for these investors along with those proceeds invested by applicants generally, pending the issue of the Securities or payment of any refunds as set out in Sections 5.13 and 5.14. For investors in the United States, such proceeds must be returned to such investors if the Closing Date does not occur by 4 months from the date of the Prospectus.

5.15 Allocation Policy

The Directors will determine the recipients of the issued Shares in respect of the Public Offer in their sole discretion, provided that the Directors will ensure that no person increases their voting power in the Company above 20%, noting that Bergen Global Opportunity Fund, LP, the Company's majority Shareholder at the date of this Prospectus, intends to participate in the Offer but its voting power will be diluted by the issue of the Consideration Shares and Advisor Shares and the issue of Shares under the Public Offer to other parties.

As set out above, the Public Offer includes a priority offer to Shareholders registered at the Public Offer Record Date with a registered address in Australia or New Zealand. There is no guaranteed allocation of Shares under the Public Offer however, those persons who are registered as Shareholders as at the Public Offer Record Date will have priority to subscribe for Shares under the Public Offer up to an amount of \$2,000,000 in priority to the allocation of other Shares under the Public Offer subject to the below.

The allocation of Shares by Directors will be influenced by the following factors:

- (a) the number of Shares applied for;

- (b) the overall level of demand for the Public Offer;
- (c) the desire for spread of investors, including institutional investors; and
- (d) the desire for an informed and active market for trading Shares following completion of the Public Offer.

The Directors reserve the right to reject any application or to allocate any applicant fewer Shares than the number applied for. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after the Closing Date. The Company's decision on the number of Shares to be allocated to an applicant under the Public Offer will be final.

Each of the Additional Offers is a personal offer to the relevant participants. As such, Securities offered under those Additional Offers will be allocated and issued to those parties (or their respective nominee(s)) only.

As set out in Section 1.3, investors should note that Shareholder approval is being sought at the XTV General Meeting to allow the Existing Directors and the Proposed Directors the opportunity to each apply for up to 2,000,000 Shares under the Public Offer. Shareholder approval is also being sought at the XTV General Meeting to allow Bergen Global Opportunity Fund, LP the opportunity to apply for up to 16,000,000 Shares under the Public Offer.

Holding statements for Securities issued to the issuer sponsored subregister and confirmation of issue for Clearing House Electronic Subregister System (CHES) holders will be mailed to applicants being issued Securities pursuant to the Offers as soon as practicable after their issue.

5.16 Restricted Securities

Subject to the Company being re-admitted to the Official List, certain Shares and Options will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these Securities are prohibited from being transferred, trading in Securities may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Securities in a timely manner. It is currently estimated that 176,604,684 Shares and 136,000,002 Options will be subject to escrow as follows:

- (a) 166,694,937 Consideration Shares and 42,840,001 Consideration Options for 24 months from the date of re-admission to the Official List (to be issued under the Acquisition Agreement to the Vendors);
- (b) 57,160,001 2023 Options for 24 months from the date of re-admission to the Official List (held by existing holders of the 2023 Options and to be transferred to Directors under the Director Offer);
- (c) 9,909,747 Shares for 24 months from the date of re-admission to the Official List to be issued to the Advisors under the Advisor Offer; and
- (d) 36,000,000 Options for 24 months from the date of re-admission to the Official List (to be issued to the Lead Manager).

The Company will announce to the ASX full details (quantity and duration) of the Shares and Options required to be held in escrow prior to the Shares re-commencing trading on ASX.

5.17 Information for New Zealand residents

The Public Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the *Financial Markets Conduct Act 2013* and Part 9 of the *Financial Markets Conduct Regulations 2014*. Please refer to Section 1.4 for further details.

5.18 Applicants outside Australia and New Zealand

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia and New Zealand. Applicants who are resident in countries other than Australia or New Zealand should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

If you are outside Australia or New Zealand it is your responsibility to obtain all necessary approvals for the issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained. The Company will be the sole judge of whether an investor possesses such qualifications as may be required to purchase Shares. Notwithstanding the delivery of this Prospectus or other materials, the Company does not intend to extend an offer to sell or to solicit an offer to buy its Shares until it determines that the investor is qualified and expressly communicates such determination to the investor by accepting that investor's subscription.

5.18.1 United States securities law matters

The offering of Shares under this Prospectus is being effected outside the United States of America ("United States") pursuant to Regulation S (**Regulation S**), a "safe harbor" from registration under the United States Securities Act of 1933, as amended (the **Securities Act**). The Shares offered by this Prospectus are being offered and sold outside the United States in an "offshore transaction" without "directed selling efforts" in the United States, as both these terms are used in Regulation S.

Each applicant purchasing Shares outside the United States will be taken to have represented, warranted and agreed as follows:

- the offer under this Prospectus was not made to the applicant while in the United States, and the applicant is not in the United States at the time of lodging its application;
- it will be purchasing the Shares in an "offshore transaction" meeting the requirements of Regulation S; and
- its purchase of Shares is not as a result of "directed selling efforts" in the United States.

The Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state of the United States, and the Shares may not be offered or sold, directly or indirectly, in the United States, except in a transaction exempt from the registration requirements of the Shares Act and the qualification requirements of applicable state laws. The Company intends to conduct a private offering of the Shares in the United States, concurrent with the offer of Shares under this Prospectus, pursuant to Regulation D, a "safe harbour" exemption under the Securities Act.

5.18.2 Singapore

This Prospectus and any other materials relating to the Shares do not constitute a prospectus as defined in the Securities and Futures Act, Chapter 289 of Singapore (**SFA**) and have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. This Prospectus and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the 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 other than to (i) an 'institutional investor' (as defined in section 4A(c) of the SFA); (ii) a 'relevant person' (as defined in section 275(2) of the SFA); (iii) pursuant to and in accordance with the exemptions in Subdivision (4) Division 1, Part XIII of the SFA; or (iv) otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

The following applies to persons in Singapore. This Prospectus 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 section 4A(c) of 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 Prospectus immediately. You may not forward or circulate this Prospectus to any other person in Singapore. Any offer is not made to you with a view to the 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 Shares and you should note that any offer contained in this Prospectus is subject to the general resale restriction under section 257 of the SFA. You shall not be able to make any subsequent sale in Singapore, or any offer of such subsequent sale of the Shares in Singapore unless such sale or offer in Singapore is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

5.18.3 Hong Kong

WARNING: This Prospectus has not been, and will not be, registered as a Prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) (the **CWUMP**) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this Prospectus or to permit the distribution of this Prospectus or any documents issued in connection with it. Accordingly, the Shares have not been and will not be offered or sold in Hong Kong by means of any document other than (a) to "professional investors" (as defined in the SFO) or (b) in other circumstances which do not result in the document being a "Prospectus" as defined in the CWUMP or which do not constitute an offer to the public within the meaning of the CWUMP.

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person issued Shares may sell, or offer to sell, such securities in circumstances that amount to an "offer to the public" (within the meaning of the CWUMP) in Hong Kong following the date of issue of such Shares.

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

5.18.4 People's Republic of China

The information in this Prospectus does not constitute a public offer of Shares, whether by way of sale or subscription, in the People's Republic of China (**PRC**) (excluding, for the purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). The Shares may not be offered or sold directly or indirectly in the PRC to legal or natural persons other than directly to "qualified domestic institutional investors" authorised by the competent Chinese regulatory authorities.

5.19 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company participates in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

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

Electronic sub-registers also mean ownership of Securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

5.20 Commissions payable

The Company reserves the right to pay a commission of up to 6% (exclusive of goods and services tax) of amounts subscribed through any licensed securities dealers or Australian financial services licensee in respect of any valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services licensee. The Lead Manager will be responsible for paying all commissions that they and the Company agree with any other licensed securities dealers or Australian financial services licensee out of the fees paid by the Company to the Lead Manager under the Lead Manager Mandate.

5.21 Taxation

The acquisition and disposal of Securities will have tax consequences, which will differ depending on the individual financial affairs of each investor.

It is not possible to provide a comprehensive summary of the possible taxation positions of all potential applicants. As such, all potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.

No brokerage, commission or duty is payable by applicants on the acquisition of Securities under the Offers.

5.22 Withdrawal of Offers

The Offers may be withdrawn at any time. In this event, the Company will return all application monies (without interest) in accordance with applicable laws.

6. COMPANY AND BUSINESS OVERVIEW

6.1 The Company

xTV Networks Limited is an Australian public company listed on the Official List (ASX code: XTV). The Company was incorporated on 5 March 2007 and was admitted to the Official List on 19 June 2007 as Uramet Minerals Limited, a company focused on mining exploration.

Most recently, the Company was primarily focused on the development and distribution of cloud television technologies.

The Company's Shares have been suspended from quotation on ASX since 16 June 2016. The Company has remained suspended from trading on ASX since this time and all previous operations of the Company have now ceased.

On 10 July 2018, the Directors resolved to appoint external administrators to the Company as the Directors had determined that the Company would have financial difficulties in meeting future expenses without continued reliance on external funding.

On 14 August 2018, a meeting of the Company's creditors was held to determine the future of the Company (**Creditors' Meeting**). At the Creditors' Meeting, the creditors of the Company resolved that the Company execute a deed of company arrangement (**DOCA**).

As announced by the Company on 6 February 2019, the Company recently effectuated the DOCA and completed a recapitalisation to exit external administration. This involved the Company consolidating its share capital on a 1 for 200 basis, raising \$500,000 by the issue of 25,000,000 Shares at \$0.02 each (and 8,333,334 free attaching 2023 Options), and issuing 20,000,000 Shares and 25,000,000 2023 Options to the Company's majority Shareholder, White Oak Ridge Capital, LLC in a debt for equity swap (all on a pre-Subdivision basis). Further details of the DOCA and recapitalisation are set out in the Company's notice of meeting announced on 7 December 2018.

Since the effectuation of the DOCA, the Company has been actively seeking to identify and evaluate new corporate opportunities which have the potential to deliver strong growth and increase Shareholder value. This is consistent with the Company's proposed acquisition of NZCS.

6.2 The Acquisition

As announced on 23 April 2019, the Company has executed a share purchase deed (**Acquisition Agreement**) pursuant to which the Company has agreed to acquire 100% of the issued share capital of New Zealand Coastal Seafoods Limited (**NZCS**), a company incorporated in New Zealand, from the shareholders of NZCS (the **Vendors**) (**Acquisition**).

The Acquisition is conditional on (amongst other things) the Company obtaining all necessary regulatory and Shareholder approvals to effect the Acquisition and satisfying all other requirements of ASX for the reinstatement to official quotation of the Shares to trading on the ASX. The key terms of the Acquisition Agreement are set out in Section 11.1.1.

Pursuant to the Acquisition Agreement, the Company has agreed to issue 166,694,937 Shares (on a post-Subdivision basis) to the Vendors (**Consideration Shares**) and cause to be transferred 42,840,001 2023 Options (on a post-

Subdivision basis) to the Vendors (**Consideration Options**) at Settlement in consideration for the Acquisition. Please refer to Section 11.1.1 for details of how the Consideration Shares and the Consideration Options (which are already on issue) will be allocated to each of the Vendors.

ASX has absolute discretion in deciding whether or not to re-admit the Company to the Official List of the ASX and to quote its Securities. The Acquisition will therefore not proceed if ASX exercises that discretion in the negative. Having to re-comply with ASX's admission and quotation requirements also enlivens ASX's ability to impose such conditions on admission and/or quotation as it considers appropriate. ASX may exercise this discretion notwithstanding that the Company is currently admitted to the Official List and even where the Company otherwise meets, or is expected to meet, the specific conditions set out in the ASX Listing Rules for listing and quotation.

6.3 Background on NZCS

NZCS is a growing New Zealand-based processor, distributor and exporter of premium seafood products, with expansionary plans to enable it to meet increasing demand, extend its product range and pursue opportunities in new markets.

Established in 2016, NZCS sells processed seafood, directly and through distributors, to customers, restaurants, seafood traders, supermarkets and other retailers in New Zealand, Australia and Asia. To date, NZCS has focused on selling dried seafood, including ling maw, sea cucumber, soft and hard elephant fish backbone and dogfish backbone.

NZCS products are generally targeted at Asian populations who value the perceived health and beauty benefits associated with these products, such as from the collagen-rich ling maw. For the nine months ending 31 December 2018 and the full year ending 31 March 2018, NZCS' management believes that the majority of NZCS' revenues were attributable to product ultimately sold into the Chinese, Hong Kong and Southeast Asian markets.

NZCS operates a seafood processing and drying facility in Christchurch, New Zealand, with a current annual production capacity of 60 tonnes of raw seafood, employing eight staff.

Ingredients are currently sourced exclusively from leading suppliers of high-quality New Zealand seafood. One of NZCS' competitive advantages is that New Zealand seafood is appreciated for its higher quality and attractive provenance, relative to seafood sourced or processed elsewhere. NZCS products therefore attract a price premium relative to Asian-processed products that are common in its target markets.

NZCS' audited accounts reported revenues of NZ\$1,538,961 (AU\$1,462,782) for the nine months ending 31 December 2018, building on NZ\$90,606 (AU\$86,121) for the period from incorporation (10 November 2016) to 31 March 2017 and NZ\$1,180,914 (AU\$1,122,459) for the full financial year ending 31 March 2018. Further, NZCS' audited accounts reported earnings before interest, tax, depreciation and amortization (**EBITDA**) of NZ\$164,673 (AU\$156,522) for the nine months ending 31 December 2018, building on NZ\$12,644 (AU\$12,018) for the period from incorporation (10 November 2016) to 31 March 2017 and NZ\$56,284 (AU\$53,498) for the full financial year ending 31 March 2018. Please refer to the financial information in Section 8 for further details.

Investors should note that a copy of the audited financial statements of NZCS for the full financial years ending 31 March 2017 and 31 March 2018 and the nine months ending 31 December 2018 were released by the Company on its ASX announcements platform on 10 May 2019.

6.4 Key Investment Highlights

The Directors believe the key highlights of an investment in NZCS include:

- (a) NZCS has a proven ability to process and sell higher-margin seafood products to customers, both directly and through distributor relationships, in New Zealand and other export markets;
- (b) It has established a track record for achieving growth in both revenue and EBITDA (refer to Section 6.3 and Section 8 for details);
- (c) There are identified potential opportunities for ongoing, significant growth through access to new capital, including:
 - (i) increasing sales of existing products through expanded production capacity and increased access to raw seafood supply;
 - (ii) improving profit margins by extending the range of products to include ready-to-eat products such as pre-packaged soups;
 - (iii) entry or further penetration as relevant into new markets such as Malaysia, Singapore, Indonesia and Vietnam.
- (d) NZCS' growth potential is reinforced by market data which highlights that key target Asian markets are a very high share of a large and growing global market (refer to Section 6.5 for further details), further fueled by a growing Asian middle class and growing per capita seafood consumption;
- (e) NZCS products are processed and packaged both in-house and externally, using high quality ingredients that are locally sourced and produced and highly valued for their New Zealand provenance by target markets; and
- (f) The key executives and senior management of NZCS have an intimate knowledge of the industry in which NZCS operates in and will remain in the business after Settlement.

6.5 Industry in which NZCS operates

NZCS operates in the fast-moving consumer goods (**FMCG**) industry, focusing on the seafood market. The global seafood market is currently valued at over US\$160 billion (approximately \$232 billion at the date of this Prospectus)⁵, and over 180 million tonnes of seafood is consumed annually (based on information from the Organisation for Economic Co-operation and Development)⁶. China and

⁵ <https://www.globenewswire.com/news-release/2018/04/02/1458344/0/en/Global-Market-for-Aquaculture-to-Reach-226-2-Billion-by-2022.html>

⁶ <https://stats.oecd.org/Index.aspx?QueryId=76853>

Southeast Asia represent a large share of both the global market and consumption of seafood, and demand is continuing to grow⁷.

China is now the largest consumer of seafood products in the world⁸, accounting for over a third of all global seafood consumption and projected to total over US\$67.3 billion in 2019⁹. Consumers in China and other Asian countries increasingly have diets with high seafood content, and a growing middle class with rising disposable incomes is further stimulating growth. China's seafood imports grew 44% in 2018, increasing from US\$3.6 billion to US\$11.9 billion¹⁰.

New Zealand seafood enjoys an excellent reputation in Asia due to consistent supply, competitive pricing and high quality of its seafood products. Further, exports from New Zealand to Asian countries benefit from excellent proximity and market access, as well as free trade agreements with certain countries. Overall seafood exports from New Zealand continue to be in high demand in Asia, with over half of New Zealand's exported seafood destined for Asian markets. In 2017, New Zealand exported 128,000 tonnes of seafood worth NZ\$1.8 billion (AU\$1.7 billion)¹¹.

NZCS processes and sells dried seafood, which represents a significant segment of overall global seafood trade. In 2015, US\$3.7 billion of dried seafood was exported globally¹². Dried seafood is considered to have many health benefits in Asian markets, and is commonly used in festive banquets, daily cooking, and traditional tonics. Highly desired dried seafood includes intensely-flavoured dried abalone, sea cucumber, shark cartilage and fish maw, which is currently NZCS' key product. These dried seafoods are considered delicacies in many countries.

As part of its growth strategy, NZCS intends to expand into processed "ready-to-eat" seafoods products, including pre-packaged soups. Demand in Asia and in particular China for processed seafoods has grown substantially in recent years¹³. For example, between 2013 to 2017, Chinese imports of processed seafoods grew at a compounded annual growth rate of 13.8%¹⁴. This growth is consistent with the cultural shift occurring within China from "eating full" to "eating well", especially for middle-class consumers who are increasingly choosing snacks, condiments, beverages, and other processed foods perceived to be healthier than traditional options¹⁵.

In light of the foregoing, NZCS believes the potential markets for its current and future seafood product lines, including dried and ready-to-eat seafood are sizeable.

⁷ <https://www.undercurrentnews.com/2018/01/12/rabobank-china-to-drive-more-than-half-of-global-seafood-consumption-growth-over-next-decade/>

⁸ <https://www.australiachinarelations.org/sites/default/files/20180628%20Australia-China%20Relations%20Institute%20report%20-%20The%20Chinese%20seafood%20market%20-%20opportunities%20and%20challenges%20for%20Australian%20exporters%20-%20Michael%20Fabinyi.pdf>

⁹ https://stats.oecd.org/Index.aspx?DataSetCode=HIGH_AGLINK_2018

¹⁰ <https://www.undercurrentnews.com/2019/01/23/chinas-seafood-imports-balloon-by-over-40-to-12bn-in-2018/>

¹¹ <https://www.seafoodnewzealand.org.nz/industry/key-facts/>

¹² <https://www.mbie.govt.nz/assets/94e74ef27a/investors-guide-to-the-new-zealand-seafood-industry-2017.pdf>

¹³ <http://www.agr.gc.ca/eng/industry-markets-and-trade/international-agri-food-market-intelligence/reports/competitive-trade-analysis-processed-food-trends-in-china/?id=1549571771208#b4>

¹⁴ <http://www.agr.gc.ca/eng/industry-markets-and-trade/international-agri-food-market-intelligence/reports/competitive-trade-analysis-processed-food-trends-in-china/?id=1549571771208#b4>

¹⁵

https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20Processing%20Ingredients_Beijing%20ATO_China%20-%20Peoples%20Republic%20of_4-1-2019.pdf

6.6 Regulatory environment

As a secondary producer of seafood, NZCS operates under a food control plan that is registered with local regulatory authorities in Christchurch, New Zealand. Under this plan, NZCS is required to adhere to procedures for ensuring food safety. NZCS is also registered as an Animal Products Exporter with the New Zealand Ministry of Primary Industries (**MPI**), which enables NZCS to directly export its products to a limited number of jurisdictions.

In order to export directly to markets outside of New Zealand, exporters are required to comply with the food safety laws and regulations of the New Zealand MPI. In general, these laws and regulations require the facilities of exporters to have a Risk Management Programme (**RMP**) that is registered with the New Zealand MPI. A RMP places onerous requirements to manage food safety hazards that must be regularly reviewed by an MPI recognised reviewer. NZCS has not yet implemented a RMP for its facilities, and there is no assurance that, if it were to, it would be able to successfully register its RMP with the New Zealand MPI. Further, the implementation and registration of and compliance with a RMP can be onerous and costly. Failure to comply with New Zealand's food safety regulations, including a RMP, could result in the loss of the ability to process and export product to certain target markets in Asia and elsewhere.

6.7 Business Model

NZCS' business model generates revenues by delivering high-quality, highly-valued New Zealand seafood products through a processing model that allows it to meet consumer demand in target markets, supported by direct and indirect sales and distribution channels. At present, NZCS' products are sold through a variety of channels, directly and through distributors, to customers, restaurants, seafood traders, supermarkets and other retailers in New Zealand, Asia and Australia. Irrespective of geography, NZCS' products are generally targeted at Asian consumers, who value the perceived health and beauty benefits associated with NZCS' products.

6.7.1 New Zealand Seafood

NZCS' seafood products are sourced exclusively from New Zealand, a key competitive advantage for NZCS, particularly in Asia where New Zealand is renowned globally for its "clean and green" reputation and New Zealand sourced seafood is highly regarded relative to seafood originating from other markets. This supports a premium price position over Asian-sourced competitor products that are sold to consumers in markets targeted by NZCS.

Obtaining a reliable supply of high-quality seafood at competitive prices is critical to NZCS' business. While NZCS is not currently a party to any formal supply contracts, it has relationships with New Zealand's leading premium suppliers of wild caught seafood, including WestFleet, Talleys and United Fisheries, and to date has been able to source seafood for its products from these suppliers at competitive prices. Further, NZCS' products feature seafood varieties with abundant, sustainable sources of supply in New Zealand.

New Zealand's fisheries are among the most sustainable fisheries in the world, in part due to its healthy marine environment and early introduction of a fisheries quota management system. Moreover, New Zealand has a large fishing and aquaculture industry relative to its small population and, as such, a significant stake of seafood products produced in New Zealand are exported to international markets. The well-established local seafood export industry, backed up by New Zealand's plentiful natural resources, and well-established quota

management system, and NZCS' proximity to local suppliers, are all positive indicators for ongoing continuity of supply for NZCS at competitive rates.

To further mitigate any potential future supply risk, NZCS maintains diversity of sourcing across the major New Zealand raw seafood suppliers and is currently negotiating preferential terms with two suppliers to further mitigate supply risk.

NZCS maintains a comprehensive inspection program for all of its seafood purchases and processed products. In addition, NZCS maintains a training program whereby its employees are educated as to the correct handling, storage and processing techniques for each product.

6.7.2 Products

NZCS is currently selling the following products in New Zealand and through distributors for export to international markets:

- (a) dried ling maw;
- (b) dried sea cucumber;
- (c) dried elephant fish backbone; and
- (d) dried dogfish backbone.

NZCS' primary product line is currently dried maw taken from the ling fish. Dried ling maw is sold by weight, with larger pieces typically sold at premium over smaller pieces. The ling fish is a large, white fleshed fish found in deep cool waters and the maw is the swim bladder of the fish. Ling fish is one of New Zealand's top ten seafood export earners¹⁶ and is certified by the Marine Stewardship Council (considered to be the global gold standard for sustainability)¹⁷. Ling fish is caught all year round, but its main season is between August and November. Ling maw is cholesterol-free and rich in nutrients and proteins, including collagen. Accordingly, ling maw is valued for its perceived health and nutritional benefits, particularly by Asian populations who eat ling maw in soups that are considered delicacies.

NZCS also sells dried New Zealand sea cucumber and dried soft and hard bones (including elephant fish backbone and dogfish backbone), which are also used in dishes that are considered delicacies by Asian populations.

6.7.3 Channels

NZCS generates revenue by selling its products through a variety of channels, including direct to customers, restaurants, seafood traders and other retailers in New Zealand, as well as to wholesale distributors who distribute the products to restaurants, supermarkets and various other customers in New Zealand and for export to Asia and Australia.

Recently, NZCS has been unable to fully satisfy demand for its primary product lines from existing channels. In order to process seafood for sale, NZCS must first purchase fresh seafood. However, due to capital constraints, NZCS has been

¹⁶ <https://www.seafood.co.nz/show-species/ling/>

¹⁷ <https://www.seafoodnewzealand.org.nz/species/single/?fish=25>

unable to purchase sufficient quantities of raw seafood to produce enough product to fully meet demand.

6.7.4 Geographies

As previously noted, NZCS' products are targeted for consumption by Asian populations, who value the perceived health and beauty benefits associated with NZCS' products. In the nine months ending 31 December 2018 and the full financial year ending 31 March 2018, NZCS' management believes that the majority of NZCS' revenues were attributable to products ultimately sold into the Chinese, Hong Kong and Southeast Asian markets. The Company believes that these markets will continue to be crucial in achieving its growth strategy.

6.7.5 Facilities

NZCS operates a seafood processing and drying facility in Christchurch, New Zealand. The facility was designed to provide efficient, low-cost production runs and has an annual production capacity of 60 tonnes of raw seafood products input, however due to cashflow constraints NZCS has not operated at its production capacity. NZCS operates its facilities under a food control plan that is registered with local regulatory authorities in New Zealand. The yield of dried product is lesser than the tonnes of raw seafood products input. In the year ended 31 March 2018, NZCS produced approximately 2.5 tonnes of dried product and in the period ended 31 December 2018 produced approximately 3.3 tonnes of dried product.

6.8 Growth Strategy

NZCS is implementing a number of growth strategies to increase sales, with a particular focus on Asian markets, including China. These strategies are centred around the following three pillars:

- (a) increasing sales of existing products through expanded production capacity and increased ability to access raw seafood supply;
- (b) improving profit margins by extending the range of products to include ready-to-eat products such as pre-packaged soups; and
- (c) expanding sales capacity by enlarging NZCS' sales force and expanding distribution channels, in existing markets, such as New Zealand, Australia and Hong Kong and entering or further penetrating as relevant markets such as China, Malaysia, Singapore, Indonesia and Vietnam.

6.8.1 Production Capacity Expansion

The seafood processing and drying facility which NZCS operates in Christchurch, New Zealand was designed to provide efficient, low-cost production runs but has an annual production capacity which is limited to 60 tonnes of raw seafood products input.

NZCS intends to use a portion of the funds raised under the Public Offer to relocate from its existing leased premises to a larger manufacturing premises and acquire new plant and equipment. These new premises and equipment will allow NZCS to significantly expand its production capacity of its existing product range and to extend its manufacturing capability to accommodate a range of additional product types. During this relocation, NZCS intends to use its existing facilities until new facilities are secured and operational.

NZCS' management intends to apply for RMP certification for its new premises, subject to satisfying applicable regulatory requirements.

In the nearer term, NZCS intends to expand production output at its existing processing and drying facilities by increasing working capital that is available to purchase fresh seafood used in the production of its products. To date, NZCS has been restricted in its ability to meet its existing customers' demand due to capital constraints that limit NZCS' ability to purchase fresh seafood. By dedicating additional capital to the purchase of fresh seafood, NZCS believes that it will be able to increase production output at its existing seafood processing facility and, later, at its new processing facility.

6.8.2 Product Range Expansion

NZCS intends to expand its product range into higher-margin, value-added products such as:

- (a) ling maw soups; and
- (b) mussel soups.

NZCS is currently exploring the production and sale of ready-to-eat, pre-packaged ling maw soup, which it believes represents a significant area for future growth.

NZCS is also currently exploring the production and sale of higher-margin, value-added products made using blue mussels, which NZCS believes is another area of significant opportunity. The New Zealand aquaculture industry primarily cultivates the native green-lipped mussel. By contrast, blue mussels are generally regarded as pests by the green-lipped mussel industry, even though demand for the blue mussel variety is strong in many countries worldwide, especially in Asia. For example, imports of brine mussels to China increased at a compounded annual growth rate of 35% between 2012 and 2016¹⁸.

NZCS believes it can leverage on New Zealand's abundant supply of low-cost blue mussels for ready-to-eat soups, and is exploring other mussel product lines, including whole mussels bagged live and fresh in shells, which sell at a premium to not-live products. Further, NZCS intends to explore the expansion of its product range into additional higher-margin, value-added verticals which may include:

- (a) nutraceutical products, including powdered hard bones; and
- (b) delicacy soups, such as hard bone soups.

As it expands its business and operations NZCS intends to explore the introduction of new products to drive business and market growth and increase revenues and profit margins.

In addition, as NZCS expands into new products, if demand from its customers exceeds its production capacity in any particular product line, NZCS intends to use third-party seafood producers to initially meet this demand before determining whether to produce in-house.

¹⁸ <http://www.agr.gc.ca/eng/industry-markets-and-trade/international-agri-food-market-intelligence/reports/sector-trend-analysis-shellfish-trends-in-china/?id=1516978798111#b>

6.8.3 Sales Capacity Expansion

NZCS has existing domestic and international distribution channels, including into Asia as well as Australia. To date, NZCS' revenues have been earned with limited investment in marketing or distribution.

As part of its growth plans, NZCS intends to enlarge its sales force and expand its distribution channels into existing and new markets, such as China, Hong Kong, Malaysia, Singapore, Indonesia and Vietnam.

NZCS intends to leverage New Zealand's global brand awareness by increasing the marketing and promotion of its products to enhance product awareness and strengthen sales penetration in both new and existing markets.

As part of this strategy, NZCS intends to seek to develop and register with the New Zealand MPI a RMP for its new seafood processing facility. Obtaining a RMP registration for its new facilities would enable NZCS to directly export its products to additional countries in Asia and elsewhere.

6.9 Key Dependencies of Business Model

The key factors that NZCS will depend on to meet its objectives are:

- (a) the Company's capacity to re-comply with Chapters 1 and 2 of the ASX Listing Rules to enable re-admission to quotation of the Company's Securities;
- (b) the successful completion of the Public Offer;
- (c) the successful completion of the Acquisition;
- (d) the continued supply of raw seafood products from New Zealand based suppliers at competitive rates;
- (e) continued demand for NZCS' processed products, particularly in Asia;
- (f) the market price of NZCS' processed products remaining high enough to ensure NZCS operates profitably;
- (g) the successful increase of NZCS' production capacity;
- (h) the continued ability to process and supply NZCS' products within its target markets;
- (i) maintaining and building effective distribution channels with reliable, qualified industry partners; and
- (j) retention of senior management and qualified staff.

6.10 Key NZCS Management Team

NZCS is led by a management team with extensive experience in FMCG and the seafood industry. Details of the NZCS management team are set out below:

Peter Win - Chief Executive Officer

Mr Win has a long history in the seafood industry and is a co-founder and CEO at NZCS.

Prior to co-founding NZCS, Mr Win founded and managed Elanz Limited, a niche food and beverage business that exported locally produced premium products to international markets. Prior to that, Mr Win worked on a number of large oil and gas projects across Africa, China and Europe and has obtained a number of certifications in marine engineering.

Cataldo Miccio - Non-Executive Director

Prior to co-founding NZCS, Mr Miccio was the mayor of Nelson, New Zealand, and prior to that served as a Councillor of Nelson, beginning in 2007. In 2010, Mr Miccio successfully sold Bissi Ltd, an apparel company he started in 1998 and which, at its peak, grew to over \$15 million in annual sales. Mr Miccio currently serves as the Managing Director of KELA Charms and is a Vice President of the Italian Chamber of Commerce in New Zealand. Mr Miccio holds a Bachelor of Commerce in Business Administration, Management and Operations.

Alexander Li – Head of Operations

Mr Li is currently head of operations at NZCS and has been heavily involved in the New Zealand and Chinese dried seafood industry since 1989. Based on that experience, he has an expert knowledge of the production of dried fish maw and other dried seafood. Mr Li has also been involved with the development of natural dietary supplements and natural health and beauty products since 2009.

Mr Li is currently a director of NZCS.

6.11 Board Intentions upon Settlement

In the event that Settlement occurs, the Company proposes to:

- (a) continue the development of the NZCS business;
- (b) expand the manufacturing facilities of NZCS and increase the amount of products it processes and sells;
- (c) expand the product lines of NZCS;
- (d) undertake business development;
- (e) undertake sales and marketing throughout New Zealand, Australia and Asia; and
- (f) pursue business development opportunities for the NZCS business in New Zealand, Australia and Asia.

The Company currently intends to allocate the funds raised from the Public Offer and existing cash reserves as set out in Section 5.8 above.

6.12 Composition of the Board of Directors

It is intended that the Board will comprise the following upon Settlement:

- (a) Mr Winton Willesee;
- (b) Ms Eryln Dale;
- (c) Mr Cataldo Miccio; and
- (d) Mr Jourdan Thompson.

It is intended that Mr Harry Hill will resign as a Director and Mr Peter Win, a Vendor, will be appointed as Chief Executive Officer of the Company both occurring upon Settlement. Additional Board and management resources may be considered as appropriate as the NZCS business develops.

6.13 Dividend Policy

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

7. RISK FACTORS

7.1 Introduction

The Securities offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below and in Section 4, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Securities and to consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

There are specific risks which relate directly to the Company. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section 7 and in Section 4, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Securities.

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

7.2 Risks relating to the Change in Nature and Scale of Activities

(a) Completion risk

Pursuant to the Acquisition Agreement, the Company has agreed to acquire 100% of the issued capital of NZCS, Settlement of which is subject to the fulfilment of certain conditions. There is a risk that the conditions for Settlement of the Acquisition cannot be fulfilled and, in turn, that Settlement of the Acquisition does not occur. If the Acquisition is not completed, the Company will incur costs relating to services provided by advisers and other costs without any material benefit being achieved.

(b) Re-quotations of Shares on ASX

The Acquisition constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the Official List of ASX. There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotations of its Shares on the ASX. Should this occur, the Shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares and Options should the Company be suspended until such time as it does re-comply with the ASX Listing Rules. Shareholders will be aware that the Company's Securities have been suspended from quotation since 16 June 2016. If the Acquisition does not proceed, the Company's Securities will remain suspended from quotation and the Company will be removed from the Official List on 17 June 2019 given that, at that time, the Company's Securities will have been suspended from quotation for a continuous period of 3 years.

(c) Dilution risk

Completion of the Acquisition and the Offers will have dilutionary effects on the holdings of existing Shareholders, given the Shares to be issued under the Public Offer, the Vendor Offer and the Advisor Offer.

Further, the Acquisition will result in the issue of the Lead Manager Options. The Lead Manager Options, if and when converted to Shares, will also have a dilutionary effect on the holdings of Shareholders.

Please refer to Section 5.10 for further details on the dilutionary impacts that will arise from completion of the Acquisition and the Offers.

(d) **Liquidity risk**

On Settlement, the Company proposes to issue the Consideration Shares (and cause the transfer of the Consideration Options) to the Vendors in consideration for the Acquisition of 100% of the issued capital of NZCS and also issue the Advisor Shares to the Advisors. The Company understands that ASX will treat these Securities as restricted Securities in accordance with Chapter 9 of the ASX Listing Rules.

Based on the post-Acquisition capital structure set out at Section 5.9 (assuming that no further Shares are issued or Options exercised), the Consideration Shares issued to the Vendors in addition to the Advisor Shares issued to the Advisors will equate to approximately 33.33% of the issued Share capital on an undiluted basis at Minimum Subscription or 30.99% at Maximum Subscription and will equate to approximately 33.24% of the issued Share capital on a fully diluted basis at Minimum Subscription or 31.07% at Maximum Subscription. This could be considered an increased liquidity risk as a large portion of the Company's issued capital may not be able to be traded freely for a period of time.

7.3 Risks in respect of NZCS and its current operations

(a) **Limited trading history**

NZCS has limited operating history and limited historical financial performance. Please refer to the Financial Information in Section 8 for further details.

NZCS is subject to risks common to early-stage companies, including increasing market share and brand recognition, successfully developing its anticipated products, expanding its manufacturing facilities and competing with larger competitors. Shareholders should consider NZCS' business and prospects in light of the risks that it may face as an early-stage business. If the Company is not successful in addressing such risks, the Company's business prospects and financial performance may be materially and adversely affected.

(b) **Growth risk**

Achievement of the Company's objectives will depend on the Board's and the executive team's ability to successfully implement its growth strategy. This strategy involves the expansion of NZCS' production capacity through the development of a new manufacturing plant and the expansion of its product lines. However, there is a risk that management of the Company will not be able to successfully implement the Company's growth strategy. The capacity of the management to properly implement and manage the strategic direction of the Company and NZCS will affect the Company's financial performance.

(c) **Product pricing risk**

NZCS' revenue is largely dependent upon the sale of dried seafood processed from its operations, namely ling maw. The Company's earnings are therefore closely related to the sale price of ling maw and other dried seafood products.

The financial performance of the Company will be influenced by the price it can obtain for its products, in both domestic and export markets. Neither the Company nor NZCS have any long-term or guaranteed customer supply contracts. The Company negotiates prices based on measures of supply and demand and the exchange rate position and it is therefore not able to guarantee the prices and terms of future transactions.

There is a risk that a reduction in the prices received by the Company for its products could have material adverse impact on the operational results and financial performance of the Company.

(d) **Consumer demand risk**

NZCS sells premium seafood products. Therefore, there is a risk that changing economic conditions could cause consumers to reduce their consumption of NZCS' products or substitute with cheaper seafood products.

Demand for the company's main product, ling maw, is in part due to the perceived health benefits of the product in the minds of consumers, and in particular consumers in Asian and Asian expatriate markets. Should events occur to diminish that perception demand for ling maw may fall.

Changes in consumer dietary preference and/or consumer preference generally for the products that NZCS offers could change in a way that lowers demand for NZCS' products and results in reduced prices. This could impact the Company's operating and financial performance.

(e) **Supply risk**

The Company relies on the supply of high quality seafood from a number of local New Zealand suppliers in order to process its products. The cost of seafood could increase substantially due to local or international market events. In recent years, the availability of certain types of seafood has fluctuated, which has resulted in a corresponding fluctuation in prices. NZCS currently does not have contracts with its suppliers; therefore, NZCS is subject to the risk of an unstable supply of seafood at favourable prices. Further, there is a risk that the supply of fresh seafood could be materially disrupted due to the occurrence of a natural disaster or disease that affects NZCS' suppliers' ability to catch and/or deliver seafood to NZCS as well as changes in the regulation of the suppliers' fishing operations and/or reductions in the allowable catch limits applying to those suppliers. If NZCS is unable to purchase fresh seafood at favourable prices or any event occurs which disrupts the supply of fresh seafood, the Company's business, operational results and financial performance would be adversely effected.

A material supply disruption could result in NZCS being unable to procure raw seafood at competitive prices, if at all.

(f) **Key customers risk**

NZCS' revenues are dependent on the sales of its products to a limited number of customers. The loss of any significant customer, whether through its bankruptcy, failure to secure/maintain the relationship, breach of any terms of trade or other factors may impact the Company's, sales volumes and/or operating and financial performance.

(g) **Reputation risk**

There is a risk that some incident or development beyond the control of NZCS could occur which would have the effect of reducing consumer confidence or preferences for NZCS' products. Such incidents could include:

- (i) a widespread loss of consumer confidence in seafood, in particular ling maw;
- (ii) health concerns associated with the consumption of seafood products, in particular ling maw;
- (iii) a widespread loss of consumer confidence in the food safety procedures in the seafood industry as a whole; and
- (iv) concerns about fishing practices and the sustainability of wild caught fisheries.

The consequences of such an incident or development could be very significant for NZCS, with impacts potentially including reduced revenues, loss of consumer trust in the NZCS' products, and reduced prominence of the NZCS' brands or reputation in customers' minds, all of which may adversely impact the Company's operating or financial performance.

(h) **Food safety, handling and product quality risks**

As with all seafood processors, NZCS is exposed to the risk of product contamination and product recalls. There is also a risk that NZCS' products could cause a serious food poisoning incident as a result of an operational lapse in food safety or sanitation procedures or malicious tampering.

The occurrence of a serious food poisoning incident could have significant consequences for NZCS and may involve:

- (i) a loss of consumer trust in the products that may result in reduced revenues; or
- (ii) payment to affected consumers of some form of compensation and to the relevant food authorities of some form of penalty or fine.

Seafood in particular is a highly perishable product unless handled with strict processing, packing, storage and transport protocols. Further, NZCS' operations involve the drying and handling of seafood. Food safety concerns associated with drying seafood, including improper storage or drying techniques, could result in product contamination. A reduction in product quality has a material impact on the recoverable price for the

end product and may adversely impact the Company's operating or financial performance.

The implementation of strict quality control policies, high levels of training for all staff handling and processing product, and regular detailed sampling programs will be required to monitor food safety or sanitation procedures and product quality and mitigate this risk.

As a secondary producer of seafood, NZCS operates under a food control plan that is registered with local authorities in Christchurch, New Zealand. Under this plan, NZCS is required to adhere to procedures for ensuring food safety. However, there is a risk that the food control practices adopted by NZCS will be insufficient.

(i) **Seasonal and environmental risks**

As a seafood processor, NZCS is exposed to volatility in supply caused by seasonal weather and environmental conditions which impact the availability and cost of raw seafood from its suppliers. There is a risk that factors such as changes in temperatures, storms, floods, together with natural variations and external shocks in marine ecosystems and other environmental conditions could disrupt supply of New Zealand seafood.

(j) **Regulatory risks and approvals generally**

NZCS is required to adhere to numerous legislative and regulatory requirements when undertaking its business. Regulatory areas which are of particular significance to NZCS include food safety, export, import, occupational health and safety and tariff and taxation laws. These and other regulations give rise to significant requirements and compliance costs for the Company.

There is a risk that non-compliance with such regulations, changes in the current regulations (or their interpretation) or the introduction of new laws or regulations could lead to fines being imposed, the revocation of approvals, permits or authorisations, increased compliance costs and/or damage to the Company's reputation. Further, changes to NZCS' business, such as the processing and handling of raw fish, could result in additional regulations being applicable to the Company. These events could have a material adverse effect on the Company's costs, business model or competitive environment and in turn its operating or financial performance.

Various approvals, permits or other government authorisations will be required for the Company's operations on and from completion of the Acquisition and for future operations. Obtaining approvals, permits or authorisations can be a time consuming and costly process and there is a risk that the Company may not obtain such approvals, permits or authorisations on acceptable terms, in a timely manner or at all. Failure or delay in obtaining any required approvals, permits or authorisations may have a material adverse effect on the Company's business model or competitive environment and in turn its operating or financial performance.

(k) **Export and import risks**

To export seafood products out of the country, authorisations and permits are required from the New Zealand Ministry of Primary Industries (**MPI**). As

of the date of this Prospectus, NZCS is registered with the MPI as an Animal Products Exporter; however, NZCS has not yet registered a Risk Management Programme with the MPI. Therefore, NZCS is currently limited in the numbers of countries to which it can directly export its products.

NZCS intends to register a Risk Management Programme with MPI for its new seafood processing facility, and may be required to obtain additional authorisations and permits in New Zealand and other jurisdictions to which it exports its products. However, there is a risk that the relevant regulatory authorities will not issue these authorisations and permits to NZCS on acceptable terms, in a timely manner or at all. Failure or delay in obtaining any required authorisations and permits for export and import could have a materially negative impact on the Company's ability to achieve its growth plans.

Further, in order to remain export eligible, fish and fish products must only be transported between, and prepared and stored at, registered export establishments. In order to export any of its seafood products, NZCS will be reliant on the third parties that provide transport and storage services to it being appropriately registered. As these services are not currently the subject of written supply agreements it is not possible to guarantee consistency and availability of such arrangements.

Failure or difficulties in obtaining transport or storage services with registered export establishments will materially restrict the Company's ability to export its product and this could have a materially negative impact on the Company's business operations and financial performance.

(l) **Occupational health and safety risks**

The seafood manufacturing industry is a high-risk industry. Given the nature of the industry that NZCS operates in, its employees and contractors are at risk of workplace accidents and incidents.

In the event that an employee of NZCS is injured, during the course of their employment, NZCS may be liable for penalties or damages under the relevant occupational health and safety regulations. This risk has the potential to adversely impact the operating and financial performance of the Company.

(m) **Commercialisation risk**

There is a risk that NZCS will not be able to successfully commercialise or sell anticipated products or be unable to sell products at significantly higher volumes, as contemplated by its growth strategy.

NZCS' ability to generate revenue depends on the sales it makes across its product offerings. As with any business, there is a risk that the marketing strategies may not be effective in generating the increased production scale that NZCS is targeting.

The price point of some of NZCS existing or proposed products may be too high compared to other solutions or may not be able to stay at the same or at competitive prices for an extended period. This may lead to difficulties in market acceptance and, if reductions in price are necessary

to achieve market penetration, the potential for profit margins will be reduced.

(n) **Contract risk**

The operations of NZCS will require the involvement of a number of third parties, including suppliers, contractors and customers. With respect to these third parties, and despite applying best practice in terms of pre-contracting due diligence, NZCS is unable to completely avoid the risk of:

- (i) financial failure or default by a participant in any joint venture to which NZCS may become a party;
- (ii) insolvency, default on performance or delivery, or any managerial failure by any of the operators and contractors used by NZCS in its activities; or
- (iii) insolvency, default on performance or delivery, or any managerial failure by any other service providers used by NZCS or operators for any activity.

Financial failure, insolvency, default on performance or delivery, or any managerial failure by such third parties may have a material impact on the operations and performance of NZCS and the Company, and it is not possible for NZCS or the Company to predict or protect itself completely against all such contract risks.

(o) **Foreign exchange risk**

NZCS has customers that operate in a variety of jurisdictions, including New Zealand, Australia and throughout Asia, and as such, expects to generate revenue and incur costs and expenses in more than one currency. Accordingly, the depreciation of the Australian dollar and/or the appreciation of the foreign currency relative to the Australian dollar could result in a translation loss on consolidation which is taken directly to shareholder equity.

Any depreciation of the foreign currency relative to the Australian currency may result in lower than anticipated revenue. The Company will be affected on an ongoing basis by foreign exchange risks between the Australian dollar and the other foreign currencies and will have to monitor this risk.

(p) **Competition risk**

The industry in which NZCS will be involved is subject to domestic and global competition, and NZCS is subject to competition from direct competitors operating domestically and in its export markets. Small manufacturers and exporters such as NZCS face increasing competition from larger participants, due to the ongoing consolidation of seafood sector. Neither the Company nor NZCS will have any influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company.

(q) **Insurance risk**

NZCS faces various risks in conducting its business and may lack adequate insurance coverage or may not have the relevant insurance coverage. The Company believes it will have reasonably adequate coverage for third-party liability insurance, product liability insurance and business interruption insurance. However, the Company's insurance coverage may not be adequate. If the Company or NZCS incurs substantial losses or liabilities and its insurance coverage is unavailable or inadequate to cover such losses or liabilities, the Company's financial position and financial performance may be adversely affected.

(r) **Credit risks**

NZCS will be exposed to credit risks relating to delayed or non-payments from its customers. A failure by NZCS to adequately assess and manage credit risk may result in credit losses potentially resulting in a material adverse effect on the Company's business, operating and financial performance, including decreased operating cash flows.

(s) **Reliance on Key Management Personnel**

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

If such contracts with key management personnel are terminated or breached, or if the relevant personnel were no longer to continue in their current roles, NZCS would need to engage alternative staff, and the operations and business of NZCS may be adversely affected.

(t) **Litigation**

The Company and NZCS may in the ordinary course of business become involved in litigation and disputes, for example with its contractors or clients over a broad range of matters including its products. Any such litigation or dispute could involve significant economic costs and damage to relationships with contractors, clients or other stakeholders. Any such outcomes may have an adverse impact on the Company's business, market reputation and financial condition and financial performance. Neither the Company nor NZCS are currently engaged in any litigation.

(u) **Future Funding Needs**

The funds raised under the Public Offer are considered sufficient to meet the immediate growth objectives of NZCS. Further funding may be required by the Company in the event costs exceed estimates or revenues do not meet estimates, to support its ongoing operations and implement its growth strategies. For example, funding may be needed to develop new and existing products or acquire complementary businesses and assets. Accordingly, the Company may need to engage in equity or debt financings to secure additional funds. There can be no assurance that such funding will be available on satisfactory terms or at all at the relevant time. Any inability to obtain sufficient financing for the

Company's activities and future projects may result in the delay or cancellation of certain activities or projects, which would likely adversely affect the potential growth of the Company.

7.4 General risks relating to the Company

(a) Additional requirements for capital

The funds to be raised under the Public Offer are considered sufficient to meet the immediate objectives of the Company and implementation of the strategy detailed in Section 6.8. Additional funding may be required in the event costs exceed the Company's estimates and to effectively implement its business and operational plans in the future to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur. If such events occur, additional funding will be required.

Following completion of the Public Offer, the Company may seek to raise further funds through equity or debt financing, joint ventures, licensing arrangements, or other means. Failure to obtain sufficient financing for the Company's activities may result in delay and indefinite postponement of their activities and the proposed commercialisation, marketing and expansion strategy. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing may not be favourable to the Company and might involve substantial dilution to Shareholders.

(b) Reliance on key personnel

The Company's future depends, in part, on its ability to attract and retain key personnel. It may not be able to hire and retain such personnel at compensation levels consistent with its existing compensation and salary structure. Its future also depends on the continued contributions of its executive management team and other key management and technical personnel, the loss of whose services would be difficult to replace. In addition, the inability to continue to attract appropriately qualified personnel could have a material adverse effect on the Company's business. While each of these executives is party to an employment contract, the executives may resign at any time and under the terms of the employment contracts each executive is permitted to terminate the contract in certain circumstances.

(c) Economic and financial market risks

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

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

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;

- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(d) **Force majeure**

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

(e) **Acquisitions**

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

(f) **Risk of high volume of Share sales**

If Settlement occurs, the Company will have issued a significant number of new Securities to various parties. Some of the Vendors and others that receive Shares as a result of the Acquisition or the Public Offer may not intend to continue to hold those Shares and may wish to sell them on ASX (subject to any applicable escrow period). There is a risk that an increase in the amount of people wanting to sell Shares may adversely impact on the market price of the Shares.

There can be no assurance that there will be, or continue to be, an active market for Securities or that the price of Securities will increase. As a result, Shareholders may, upon selling their Shares, receive a market price for their Shares that is less than the price of Shares offered pursuant to the Public Offer.

(g) **Trading price of Shares**

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

operational and business risks and hedging or arbitrage trading activity that may develop involving the Shares.

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

7.5 Investment speculative

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

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

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

8. FINANCIAL INFORMATION AND INVESTIGATING ACCOUNTANT'S REPORT

8.1 Introduction

The basis of preparation and presentation of the Historical Financial Information and Pro Forma Historical Financial Information is set out below.

The Directors are responsible for the inclusion of all financial information in the Prospectus. Crowe Horwath Perth has prepared an Investigating Accountant's Report ("Report") in respect of the Historical and Pro Forma Historical Financial Information. A copy of this Report is contained within this Section 8. Investors should note the scope and limitations of that Report.

The financial information has been prepared by management and adopted by the Directors of the Company. The financial information comprises the financial information of New Zealand Coastal Seafoods Limited ("NZCS") and XTV Networks Limited ("Company").

8.2 Basis of Preparation

The Historical Financial Information has been prepared in accordance with the measurement and recognition criteria of New Zealand equivalents to International Financial Reporting Standards ("NZIFRS"), Australian Accounting Standards, adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001.

The Pro Forma Historical Financial Information presented in this Section 8 as at 31 December 2018 has been prepared for illustrative purposes and has been compiled by adjusting the historical Statement of Financial Position and Statement of Cashflows of the Company and NZCS after reflecting the Directors' pro forma adjustments.

The Historical and Pro Forma Historical Financial Information is presented in an abbreviated form insofar as it does not include all the disclosures, statements, comparative information and notes required in an annual financial report prepared in accordance with NZIFRS, Australian Accounting Standards and the Corporations Act.

The Historical Financial Information and Pro Forma Historical Financial information is presented in Australian Dollars and where appropriate, has been translated from New Zealand Dollars to Australian Dollars at 31 December 2018, using an exchange rate of AUD\$1 = NZD\$1.052.

8.3 Proforma financial information

This Section 8 contains the proforma financial information which has been compiled by aggregating the reviewed statement of financial position and statement of cashflows of the Company and the audited statement of financial position and statement of cashflows of NZCS at 31 December 2018 and reflecting the Directors' pro forma adjustments, for the impact of the following subsequent events and pro forma adjustments, as if they had occurred on 31 December 2018.

The proforma financial information is presented on a proforma basis only, and as a result it is likely that this information will differ from the actual financial information as at completion of the Acquisition and the Offers.

Adjustments adopted in compiling the Pro Forma Historical Financial Information

The following subsequent event transactions have occurred since 31 December 2018:

On 11 January 2019, the issued capital of the Company was consolidated resulting in:

- A consolidation in the number of Shares on issue from 1,212,532,147 to 6,063,106; and
- The consolidation of the 28,000,000 unlisted options with an exercise price of \$0.013 expiring on 31 May 2019, into 140,000 unlisted options with an exercise price of \$2.60 expiring on 31 May 2019.

On 5 February 2019:

- 25,000,000 Shares were issued at a price of \$0.02 per Share together with 8,333,334 free attaching unlisted options to raise cash of \$500,000, pursuant to a placement under the terms of the Deed of Company Arrangement (**DOCA**) executed on 31 August 2018 by the Company's creditors. The cash raised was to meet the costs of the Company's administration and provide working capital; and
- 20,000,000 Shares and 25,000,000 unlisted options were issued by the Company to its secured creditor, White Oak Ridge Capital LLC, in full satisfaction for the conversion of its secured debt, pursuant to the terms of the DOCA. This resulted in the subsequent derecognition of \$3,036,353 in interest bearing liabilities that had been recognised by the Company at 31 December 2018.

The following pro forma transactions are yet to occur, but are proposed to occur immediately before or following completion of the Offers:

- The completion of the Subdivision resulting in 153,189,318 Shares being on issue prior to the elimination of all the issued capital, reserves and accumulated losses of the Company;
- The issue, pursuant to this Prospectus, of up to 240,000,000 Shares at \$0.025 each to raise \$6,000,000 before costs of the Offers (Maximum subscription), with a minimum of 200,000,000 Shares at \$0.025 each to raise \$5,000,000 before costs of the Offers (Minimum subscription);
- Total Costs of the Offers are estimated at \$1,239,231 under the Minimum subscription and \$1,390,925 under the Maximum subscription. Those costs which relate to the issue of new Shares are offset against contributed equity, while the remaining costs are expensed. Of the above costs of the Offers, \$1,100,281 has been offset against contributed equity under the Minimum subscription and \$1,254,484 has been offset against contributed equity under the Maximum subscription. The remaining \$138,950 under the Minimum subscription and \$136,441 under the Maximum subscription have been expensed;
- On 12 April 2019, the Acquisition Agreement was executed between the Company, NZCS and the Vendors. Under the Acquisition Agreement (which is summarised in Section 11.1.1), the Company will acquire the entire issued share capital of NZCS from the Vendors, in exchange for the issue of 166,694,937 Shares and procuring the transfer of 42,840,001

Options from existing holders to the Vendors. These Options expire on 5 February 2023 and (subject to Shareholder approval) will be exercisable at \$0.06 each at any time up to the expiry date. For the purposes of the Pro Forma Historical Financial Information, the Shares to be issued by the Company have been included at an amount of \$101,363 (Maximum subscription) and \$108,183 (Minimum subscription). For accounting purposes, the acquirer has been identified as NZCS and the accounting acquiree as the Company. Accordingly, the Pro Forma Historical Financial Information incorporates the assets and liabilities of NZCS and of the Company ("Group") as if the Group were headed by NZCS. Components of equity, including issued capital, retained earnings and other reserves, reflect the balances of the accounting acquirer. The transaction is accounted for under AASB 2 – Share based payments.

- The elimination of the issued capital, reserves and accumulated losses of the Company to reflect the continuing business of NZCS (the accounting acquirer) rather than the Company (the accounting subsidiary);
- The issue of 1,500,000 Shares at a deemed issue price of \$0.025 each (totalling \$37,500) to BVG Trade and Investment Limited (NZBN 9429041557693) pursuant to the BVG Agreement (summarised in Section 11.1.5);
- The issue of 8,409,747 Shares at a deemed issue price of \$0.025 each (totalling \$210,244) to Richard Fyers pursuant to the Fyers Agreement (summarised in Section 11.1.4), as well as the payment of NZD\$50,000 (AUD\$47,000) in cash;
- On 16 April 2019, the Company and NZCS executed a loan agreement whereby the Company would lend NZCS an amount of NZD\$40,000 (AUD\$38,000) to assist with the business costs and expenses incurred in the ordinary course of business and specifically, to purchase raw seafood stock. The amount of the loan is unsecured and attracts an interest rate of 8% per annum. The loan amount is required to be repaid in cash, as follows:
 - within 14 days of completion of the acquisition of NZCS by the Company; or
 - in the event that the Acquisition does not proceed, within 14 days of the date that the parties agree to terminate the Acquisition; or
 - immediately in the event that an event of default occurs.

For the purposes of the Pro-forma Historical Financial Information, we have assumed that the interest component of the loan is not considered material for inclusion.

- A number of agreements have also been entered into with Directors and their related parties, as follows:
 - Employment Agreement executed on 4 April 2019 between Peter James Win and NZCS, in the role as Chief Executive Officer, for a base salary of NZ\$140,000 per annum. This agreement will commence from the time that the Company re-complies with the ASX admission and quotation requirements, as

contemplated by the Acquisition Agreement referred to previously;

- Service Agreement executed on 3 April 2019 between Cataldo Miccio and NZCS in relation to the provision of advisor services at the rate of NZ\$5,000 per month (plus GST). This agreement commences from the time that the Company re-complies with the ASX admission and quotation requirements, as contemplated by the Acquisition Agreement referred to previously; and
- Non-Executive Director Appointment Letters between the Company and its existing Directors (Winton Willesee and Eryln Dale) and its Proposed Directors Jourdan Thompson and Mr Aldo Miccio (noting that Mr Miccio will be remunerated in full under the terms of the Service Agreement noted above). The appointment as Non-Executive Director of Jourdan Thompson and Aldo Miccio will commence on the date of settlement as contemplated under the Acquisition Agreement referred to previously.

The Pro-forma Historical Financial Information does not reflect the impact of the above agreements as they all take effect from the time of the Company's recompliance with the ASX admission and quotation requirements.

- On 22 May 2019, the Company executed a Mandate letter (**Mandate**) with Brentridge Capital Pty Ltd (**Brentridge**) to act in the role as Corporate Advisor in respect of the Public Offer. Under the terms of the Mandate, Brentridge will be paid a fixed fee of \$95,000 (excluding GST) for providing the Company with assistance in undertaking the Public Offer. This fee, which is to be paid in cash at the completion of the Offer, has been offset against contributed equity as a cost of the Offer.
- On 2 May 2019 the Company executed a Lead Manager Mandate (**Mandate**) with Patersons Securities Limited (**Patersons**). Under the terms of this Mandate, Patersons are to receive:
 - A Lead Manager Fee of \$80,000 payable in cash on completion of the acquisition of the Public Offer;
 - A Selling Fee of 6% payable in cash, on total gross amounts raised pursuant to the Public Offer. All selling fees to third parties will be paid by Patersons from this fee. The pro forma adjustments include, as a deduction against share capital, an amount of \$380,000 (Minimum subscription) and \$440,000 (Maximum subscription); and
 - Lead Manager Options equal to 15% of the total number of Shares to be issued pursuant to the Public Offer, exercisable at \$0.0275 each within 3 years of issue date. The pro forma adjustments include the issue of 30,000,000 Lead Manager Options under the Minimum subscription and 36,000,000 Lead Manager Options under the Maximum subscription.

The Options have been valued for illustrative purposes using a Black & Scholes methodology and based on the following assumptions:

	Assumptions
Option Strike Price	\$0.0275
Underlying Share Price	\$0.0250
Term to Expiry	3 years
Risk Free rate (representing the 3 year Australian Government Bond Rate)	1.29%
Volatility	100%

Based on the above, the value of each Lead Manager Option has been calculated at \$0.0151 with the total value ascribed being \$453,000 under the Minimum subscription and \$543,600 under the Maximum subscription. These amounts have been included in the \$1,100,281 deducted from contributed equity under the Minimum subscription and the \$1,254,484 deducted from contributed equity under the Maximum subscription, as a cost of the Offers.

New Zealand Coastal Seafoods Limited – Pro forma Statement of Financial Position as at 31 December 2018

	Notes	NZCS Audited 31/12/18 AUD	Company Reviewed 31/12/18 AUD	Reviewed Proforma (Minimum) AUD	Reviewed Proforma (Maximum) AUD
Current Assets					
Cash and cash equivalents	1	6,487	-	4,635,256	5,574,162
Trade and Other Receivables		58,433	12,020	70,453	70,453
Inventories	6	294,144	-	332,144	332,144
Total Current Assets		359,065	12,020	5,037,854	5,976,760
Non-Current Assets					
Property, Plant & Equipment		51,533	-	51,533	51,533
Total Non-Current Assets		51,533	-	51,533	51,533
TOTAL ASSETS		410,598	12,020	5,089,387	6,028,293
Current Liabilities					
Trade & Other Payables		251,920	51,147	303,067	303,067
Financial liabilities	2	8,223	3,036,353	8,223	8,223
Total Current Liabilities		260,144	3,087,500	311,291	311,291
TOTAL LIABILITIES		260,144	3,087,500	311,291	311,291

	Notes	NZCS Audited 31/12/18 AUD	Company Reviewed 31/12/18 AUD	Reviewed Proforma (Minimum) AUD	Reviewed Proforma (Maximum) AUD
NET ASSETS		150,454	(3,075,480)	4,778,096	5,717,002
EQUITY					
Issued Capital	3	-	19,286,516	4,255,645	5,094,622
Reserves	4	-	994,710	453,000	543,600
Accumulated Profits (Losses)	5	150,454	(23,356,706)	69,451	78,780
TOTAL EQUITY		150,454	(3,075,480)	4,778,096	5,717,002

New Zealand Coastal Seafoods Limited – Pro forma Statement of Cashflows – 31 December 2018

	Notes	NZCS Audited 31/12/18 AUD	Company Reviewed 31/12/18 AUD	Reviewed Proforma (Minimum) AUD	Reviewed Proforma (Maximum) AUD
CASH FLOWS FROM OPERATING ACTIVITIES					
Revenue from contracts with customers		1,361,882	-	1,361,882	1,361,882
Other income		2,918	-	2,918	2,918
Payments to suppliers and employees	1	(1,382,995)	(12,364)	(1,467,995)	(1,467,995)
Interest paid		(1,159)	-	(1,159)	(1,159)
Net GST		(18,218)	-	(18,218)	(18,218)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		(25,209)	(12,364)	(122,573)	(122,573)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(8,946)	-	(8,946)	(8,946)
NET CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		(8,946)	-	(8,946)	(8,946)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from share issues (net of costs)	1	-	-	4,713,769	5,652,675

	Notes	NZCS Audited 31/12/18 AUD	Company Reviewed 31/12/18 AUD	Reviewed Proforma (Minimum) AUD	Reviewed Proforma (Maximum) AUD
Proceeds from borrowings	2	-	-	38,000	38,000
(Repayment of borrowings)	1,2	(33,273)	-	(71,273)	(71,273)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(33,273)	-	4,680,496	5,619,402
NET INCREASE)/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		(67,428)	(12,364)	4,548,977	5,487,883
Cash and cash equivalent at beginning of period		73,915	12,364	86,279	86,279
Cash and cash equivalent at the end of the period		6,487	-	4,635,256	5,574,162

Notes to the Pro forma Statement of Financial Position and Pro forma Statement of Cashflows at 31 December 2018

Note 1:

	Unaudited Proforma	Unaudited Proforma
	Minimum AUD	Maximum AUD
Opening Cash – NZCS	6,487	6,487
Opening Cash – Company	-	-
Proceeds from issue of 200,000,000 shares at \$0.025 per share	5,000,000	-
Proceeds from issue of 240,000,000 shares at \$0.025 per share	-	6,000,000
Proceeds from shares issued pursuant to DOCA on 5 February 2019	500,000	500,000
Company loan advanced	38,000	38,000
Acquisition of raw seafood stock using Company loaned funds	(38,000)	(38,000)
Repayment of Company loaned funds	(38,000)	(38,000)
Payment of cash to Richard Fyers	(47,000)	(47,000)
Payment of estimated capital raising costs	(786,231)	(847,325)
Closing Cash	4,635,256	5,574,162

Note 2:

	Unaudited Proforma	Unaudited Proforma
	Minimum AUD	Maximum AUD
Opening Financial Liabilities - NZCS	8,223	8,223
Opening Financial Liabilities - Company	3,036,353	3,036,353
Derecognition of Company secured creditor liability on effectuation of DOCA	(3,036,353)	(3,036,353)
Company loan	38,000	38,000
Repayment of Company loan	(38,000)	(38,000)
Closing Financial Liabilities	8,223	8,223

Note 3:

	Issued ordinary shares (Minimum)	Unaudited Proforma (Minimum)	Issued ordinary shares (Maximum)	Unaudited Proforma (Maximum)
	No.	AUD	No.	AUD
Opening Issued Capital – NZCS	-	-	-	-
Opening Issued Capital – Company	1,212,532,147	19,286,516	1,212,532,147	19,286,516
Company Share consolidation – 11 January 2019	(1,206,469,041)	-	(1,206,469,041)	-
Company shares post consolidation	6,063,106	19,286,516	6,063,106	19,286,516
Elimination of Company existing shares	(6,063,106)	(19,286,516)	(6,063,106)	(19,286,516)
Company Creditor Shares issued - 5 February 2019	20,000,000	3,036,353	20,000,000	3,036,353
Company Share Capital raising - 5 February 2019	25,000,000	500,000	25,000,000	500,000
Elimination of Company creditor shares and shares issued in capital raising	(45,000,000)	(3,536,353)	(45,000,000)	(3,536,353)
Share Split	102,126,212	-	102,126,212	-
Total Issued Capital post share split	102,126,212	-	102,126,212	-
Promoter Shares - Richard Fyers	8,409,747	210,244	8,409,747	210,244
Promoter Shares - BVG Trade and Investment Limited	1,500,000	37,500	1,500,000	37,500

	Issued ordinary shares (Minimum)	Unaudited Proforma (Minimum)	Issued ordinary shares (Maximum)	Unaudited Proforma (Maximum)
	No.	AUD	No.	AUD
NZCS Acquisition (i)	166,694,937	108,182	166,694,937	101,363
Public Issue	200,000,000	5,000,000	240,000,000	6,000,000
Costs of the issue	-	(1,100,281)	-	(1,254,484)
Closing Issued Capital	478,730,896	4,255,645	518,730,896	5,094,622

Reverse acquisition accounting for the NZCS Acquisition

	Unaudited Proforma Minimum	Unaudited Proforma Maximum
	Number of NZCS currently on issue	3,000
Vendors ownership interests on Settlement and completion of the Public Offer (Section 5.10 of Prospectus)	31.46%	29.26%
Ownership interests of Existing Shareholders, Participants in the Public Offer and Advisors on Settlement and completion of the Public Offer (Section 5.10 of Prospectus)	68.54%	70.74%
Number of shares deemed to be issued by accounting acquirer (NZCS) to provide same proportion of ownership interest in the combined entity	[(3,000 /68.54%) - 3,000] 1,377	[(3,000/70.74%)- 3,000] 1,241
Fair value of deemed shares issued by accounting acquirer – the fair value has been determined on the basis of the net tangible assets ("NTA") of NZCS at 31 December 2018. In the absence of a valuation of NZCS, the NTA of NZCS has been used as the fair value for the purposes of fair value measurement under AASB 13. The NTA per share is considered to be a Level 3 input for the purposes of AASB 13. <i>Calculation:</i> 31 December 2018 NTA of NZCS: AUD\$150,454 NZCS shares on issue: 3,000 NTA per share: AUD\$50.15	[A\$50.15 * 1,377 shares] \$69,056	[A\$50.15 *1,241 shares] \$62,236
Fair value of accounting acquiree's net tangible liabilities acquired - represents XTV net liabilities at 31 December 2018 after the derecognition of the secured creditor liabilities of \$3,036,353 on effectuation of the DOCA on 5 February 2019. <i>Calculation:</i> XTV net liabilities at 31 December 2018: (\$3,075,480) Add back secured creditor derecognized: \$3,036,353 Remaining XTV net liabilities: (\$39,127)	\$39,127	\$39,127
Total value of share based payment transaction	\$108,183	\$101,363

Note 4:

	Unaudited Proforma	Unaudited Proforma
	Minimum AUD	Maximum AUD
Opening Reserves - NZCS	-	-
Opening Reserves - Company	994,710	994,710
Elimination of Company Reserves on transaction with NZCS	(994,710)	(994,710)
Issue of Lead Manager Options accounted for under AASB 2	453,000	543,600
Closing Reserves	453,000	543,600

Note 5:

	Unaudited Proforma Minimum \$	Unaudited Proforma Maximum \$
Accumulated Profits at 31 December 2018 - NZCS	150,454	150,454
Accumulated Losses at 31 December 2018 - Company	(23,356,706)	(23,356,706)
	(23,206,252)	(23,206,252)
Elimination of Company accumulated losses upon transaction with NZCS	23,817,579	23,817,579
166,694,937 shares issued Vendors	(108,183)	(101,363)
Shares issued to Richard Fyers and BVG Trade and Investment Limited as a facilitation fee – treated as costs of the offer and expensed	(247,744)	(247,744)
Payment to Richard Fyers	(47,000)	(47,000)
Other costs of the offer, expensed	(138,950)	(136,441)
Closing Accumulated Profits	69,451	78,780

Note 6:

	Unaudited Proforma	Unaudited Proforma
	Minimum \$	Maximum \$
Opening Inventory	294,144	294,144
Acquisition of inventory with Company loan	38,000	38,000
Closing Inventory	332,144	332,144

Note 7:

The effectuation of the DOCA on 6 February 2019 resulted in all contingent liabilities of the Company being extinguished. Other than this, there were no contingencies or commitments at 31 December 2018 for either the Company or NZCS.

8.4 Statement of Significant Accounting Policies

(a) Basis of preparation and measurement

The financial information has been prepared using the accrual basis of accounting, including the historical cost convention. The significant accounting policies adopted in the preparation of the Historical Financial Information and the Pro Forma Historical Financial Information are shown below.

(b) Business Combinations

The acquisition method of accounting is used to account for events or transactions which constitute a business. In such circumstances, the consideration transferred is the sum of the acquisition date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree. All acquisition costs are expensed as incurred. The difference between the acquisition date fair values of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred, is recognized as goodwill.

If the assets acquired and liabilities assumed do not constitute a business, the events or transactions are accounted for as an asset acquisition.

Reverse acquisitions

The requirements for reverse acquisitions under AASB 3 is based on the premise that the legal parent/accounting acquiree has a business which has been acquired by the legal subsidiary/accounting acquirer. In some instances this may not be the case, for example when a private entity is acquired by a non-trading public entity as a means of obtaining a stock exchange listing. In such cases, the transaction is accounted for in the consolidated financial statements of the legal parent/accounting acquiree as a continuation of the financial statements of the private entity (legal subsidiary/accounting acquirer), together with a deemed issue of shares, equivalent to the shares held by the former shareholders of the legal parent/accounting acquiree. This deemed issue of shares is treated as an equity settled share based payment transaction whereby the accounting acquirer/legal subsidiary has received the net assets of the legal parent, generally cash, together with the listing status of the legal parent. Accordingly, the transaction is accounted for in accordance with AASB 2 – *Share Based Payments*. The fair value of the equity instruments issued by the accounting acquirer is used to determine the cost of the transaction and a calculation is made to determine the number of equity instruments the accounting acquirer would have to issue to provide the same percentage ownership interest in the combined entity to the owners of the accounting acquirer as they have in the combined entity as a result of the reverse acquisition. Any difference in the fair value of the shares deemed to have been issued by the legal subsidiary/accounting acquirer and the fair value of the legal

parent/accounting acquiree's identifiable net assets represents a service received by the legal subsidiary/accounting acquirer.

(c) **Principles of Consolidation**

A controlled entity is any entity over which NZCS has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities enter or leave the Group during the year, the financial performance of those entities is included only from the time control was achieved or upto the time when control was lost.

In preparing consolidated financial statements, all intragroup balances and transactions between entities in the consolidated group are eliminated in full.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

(d) **Foreign currency transactions and balances**

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period end exchange rate. Non-monetary items measured at historical costs continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Exchange differences arising on the translation of monetary items are recognized in the statement of profit or loss and other comprehensive income, except where they are deferred in equity as a qualifying cashflow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognized directly in equity to the extent that the gain or loss is directly recognized in equity; otherwise the exchange difference is recognized in the statement of profit or loss and other comprehensive income.

Transactions in foreign currencies that are settled in the accounting period are translated at the settlement rate. Transactions in foreign currencies that are not settled in the accounting period, resulting in monetary assets and liabilities denominated in foreign currencies at the reporting date, are translated at the foreign currency exchange rate ruling on the reporting date. Differences arising on translation are recognized in the statement of profit or loss and other comprehensive income.

(e) **Inventories**

Inventories are stated at the lower of cost or net realizable value. Net realizable value is the selling price achieved in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost comprises all costs of the purchase, cost of conversion and other

costs incurred in bringing inventories to their present location and condition.

(f) **Revenue from contracts with customers**

Revenue is measured based on the consideration to which the entity expects to be entitled in exchange for transferring promised goods or services to a customer, except amounts collected on behalf of third parties and tax. Revenue is recognised when the entity satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. Revenue is recognized at a point in time rather than over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation. The following specific recognition criteria must be met before revenue is recognized:

Sale of goods

Revenue from the sale of goods is recognized when the customer obtains control of the goods, which is when undisputed delivery of the goods has been accepted by the customer. This occurs at the time of dispatch.

(g) **Income tax**

The income tax expense (revenue) for the current and prior periods comprises current income tax expense or income and deferred tax expense or income.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities and assets are therefore measured at the amounts expected to be paid to or recovered from the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense or income is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future

taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of offset exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled

(h) **Property, Plant and Equipment**

All items of property, plant and equipment are measured at cost, less accumulated depreciation and any impairment losses. Subsequent costs and the cost of replacing part of an item of property, plant and equipment is recognized as an asset if and only if, it is probable that future economic benefits or service potential will flow to the entity and the cost of the items can be measured reliably. The carrying amount of the replaced part is derecognized.

All repairs and maintenance expenditure is charged to profit or loss in the period in which it is incurred.

Depreciation is charged on the diminishing value basis on all property, plant and equipment over the estimated useful life of the asset. The useful lives of property, plant and equipment is assessed annually.

(i) **Impairment of non-financial assets**

At the end of each reporting period, the entity assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value.

Any excess of the asset's carrying value over its recoverable amount is recognised immediately in profit or loss.

(j) **Financial Instruments**

(i) **Financial assets**

(A) **Initial recognition**

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (**OCI**), or fair value through profit or loss.

The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. Trade receivables that do not contain a significant financing component, are measured at their transaction price.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The entity's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

(B) **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- (I) Financial assets at amortised cost (debt instruments);
- (II) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- (III) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); or
- (IV) Financial assets at fair value through profit or loss.

(ii) **Financial assets at amortised cost**

Financial assets at amortised cost are subsequently measured using the effective interest rate (**EIR**) method and are subject to impairment. Interest received is recognised as part of finance income in the statement of profit or loss and other comprehensive income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at amortised cost include trade and other receivables.

(iii) **Other financial assets**

The entity does not have any financial assets that are measured and recognised at fair value through OCI or at fair value through profit or loss.

(iv) **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when the rights to receive cash flows from the asset have expired.

(v) **Impairment of financial assets**

For trade receivables and other receivables due in less than 12 months, the entity applies the simplified approach in calculating Expected Credit Losses (**ECL's**). Therefore, the entity does not track changes in credit risk, but instead, recognizes a loss allowance based on the financial asset's lifetime ECL at each reporting date. The allowance for doubtful debts on trade receivables that are individually significant are determined by an evaluation of the exposures on a line by line basis. For trade receivables that are not significant on an individual basis, collective impairment is assessed on a portfolio basis based on the number of days overdue, and taking into account the historical loss experience in portfolios with a similar number of days overdue. The ECL incorporates forward looking information and relevant macroeconomic factors.

(k) **Financial liabilities**

(i) **Initial recognition**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Financial liabilities include trade payables, accruals and loans and borrowings.

(ii) **Subsequent measurement**

(A) **Trade payables, Accruals and Loans and borrowings**

After initial recognition, loans and borrowings and trade payables and accruals are subsequently measured at amortised cost. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised.

(B) **Derecognition**

A financial liability is derecognised when the associated obligation is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

(l) **Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(m) **Share Based Payments**

Equity-settled share-based payments are measured at fair value at the date of grant. Fair value of shares issued is by reference to the fair value of shares that would be issued in an arm's length transaction.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

(n) **Issued Capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown as a deduction against equity, net of related income tax.

(o) **Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the relevant taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

(p) **New and Revised NZ IFRS / Australian Accounting Standards and Interpretations adopted**

The entity adopted *NZ IFRS 9 / AASB 9 – Financial Instruments* and *NZ IFRS 15 / AASB 15 – Revenue from Contracts with Customers* for the first time for the period ended 31 December 2018. Based on the assessment undertaken by Directors, the application of these standards have not had a material impact on the amounts measured, recognized or disclosed for the period to 31 December 2018 or comparative periods.

(q) **New and Revised NZ IFRS / Australian Accounting Standards and Interpretations issued but not early adopted**

A number of new standards and interpretations have been issued but are not yet mandatory. *NZ IFRS 16 / AASB 16 – Leases* is applicable for periods commencing on or after 1 January 2019. The entity will adopt this new standard from its effective date.

The standard replaces *NZ IAS 17 / AASB 117 - Leases* and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). The entity has yet to commence an assessment of the impact of *NZ IFRS 16 / AASB 16*. The new standard may have a material impact on the financial statements depending upon any new leases that the entity enters/renews during the forthcoming year. However, at this stage, there is no expectation that there will be a material impact on the financial statements.

Historical Financial Information – New Zealand Coastal Seafoods Limited (formerly Kiwi Ling Limited)

Statements of Financial Position	31 December 2018 \$NZD Audited	31 March 2018 \$NZD Audited	31 March 2017 \$NZD Audited
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6,824	77,751	41,932
Trade and other receivables	61,466	5,069	7,179
Inventories	309,410	60,956	61,596
TOTAL CURRENT ASSETS	377,700	143,776	110,707
NON-CURRENT ASSETS			

Statements of Financial Position	31 December 2018 \$NZD Audited	31 March 2018 \$NZD Audited	31 March 2017 \$NZD Audited
Property, Plant & equipment	54,208	50,788	-
TOTAL NON-CURRENT ASSETS	54,208	50,788	-
TOTAL ASSETS	431,908	194,564	110,707
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	202,790	87,910	54,413
Borrowings	8,650	43,650	43,650
Tax payable	62,205	18,181	3,540
TOTAL CURRENT LIABILITIES	273,645	149,741	101,603
TOTAL LIABILITIES	273,645	149,741	101,603
NET ASSETS (LIABILITIES)	158,263	44,823	9,104
EQUITY			
Issued Capital	-	-	-
Retained Earnings	158,263	44,823	9,104
TOTAL EQUITY	158,263	44,823	9,104

Statements of Profit or Loss and Other Comprehensive Income	31 December 2018 \$NZD Audited	31 March 2018 \$NZD Audited	31 March 2017 \$NZD Audited
Revenue	1,538,961	1,180,914	90,606
Other Income	3,069	31	
Total	1,542,030	1,180,945	90,606
Cost of Sales	(950,025)	(792,076)	(69,992)
Other operating expenses	(433,322)	(338,282)	(7,971)

Statements of Profit or Loss and Other Comprehensive Income	31 December 2018 \$NZD Audited	31 March 2018 \$NZD Audited	31 March 2017 \$NZD Audited
Operating profit/(loss) before finance costs	158,683	50,587	12,644
Finance expenses	(1,219)	(227)	-
Profit/(Loss) before income tax	157,464	50,360	12,644
Income tax benefit (expense)	(44,024)	(14,641)	(3,540)
Profit/(Loss) for the period after income tax	113,440	35,719	9,104
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive profit/(loss) for the period	113,440	35,719	9,104

Statements of Changes in Equity	Retained Earnings \$NZD	Total \$NZD
Balance at 1 April 2016	-	-
Comprehensive income(loss) for the year	9,104	9,104
Balance at 1 April 2017	9,104	9,104
Comprehensive income(loss) for the period	35,719	35,719
Balance at 1 April 2018	44,823	44,823
Comprehensive income(loss) for the period	113,440	113,440
Balance at 31 December 2018	158,263	158,263

Statements of Cashflows	31 December 2018 \$NZD Audited	31 March 2018 \$NZD Audited
CASH FLOWS FROM OPERATING ACTIVITIES		
Revenue from contracts with customers	1,432,564	1,225,845
Other income	3,069	31
Payments to suppliers and employees	(1,441,767)	(1,168,870)
Interest paid	(1,219)	(227)
Net GST	(19,164)	35,526
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(26,517)	92,305
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(9,410)	(56,486)
NET CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	(9,410)	(56,486)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (Repayment of) borrowings	(35,000)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	(35,000)	-
NET INCREASE)/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD	(70,927)	35,819
Cash and cash equivalent at beginning of period	77,751	41,932
Cash and cash equivalent at the end of the period	6,824	77,751

Historical Financial Information – the Company (XTV Networks Limited)

Statements of Financial Position	31 December 2018 \$AUD Reviewed	30 June 2018 \$AUD Audited	30 June 2017 \$AUD Audited
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	-	12,364	53,894
Trade and other receivables	12,020	2,613	6,328
Other current assets	-	8,018	8,018
TOTAL CURRENT ASSETS	12,020	22,995	68,240
TOTAL ASSETS	12,020	22,995	68,240
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	51,147	292,125	152,455
Financial Liabilities	3,036,353	4,044,167	3,505,547
TOTAL CURRENT LIABILITIES	3,087,500	4,336,292	3,658,002
TOTAL LIABILITIES	3,087,500	4,336,292	3,658,002
NET ASSETS (LIABILITIES)	(3,075,480)	(4,313,297)	(3,589,762)
EQUITY			
Issued Capital	19,286,515	19,286,515	19,286,515
Reserves	994,710	994,710	994,710
Accumulated Losses	(23,356,706)	(24,594,522)	(23,870,987)
TOTAL EQUITY	(3,075,480)	(4,313,297)	(3,589,762)

Statements of Profit or Loss and Other Comprehensive Income	31 December 2018 \$AUD Reviewed	30 June 2018 \$AUD Audited	30 June 2017 \$AUD Audited
Interest income		-	3
Debt Forgiveness on DOCA effectuation	1,555,912	-	-
Total Revenue	1,555,912	-	3
Legal and consultants	(64,353)	(164,379)	(198,131)
Employee benefits expense	-	(25,892)	(26,808)
Corporate and administrative costs	(50,369)	(17,662)	(53,892)
Finance costs	(16,372)	(438,076)	(372,395)
Other expenses	(187,002)	(35,560)	(52,703)
Foreign exchange losses	-	(41,966)	(299)
Profit (Loss) before income tax	1,237,816	(723,535)	(704,225)
Income tax benefit (expense)	-	-	-
Profit (Loss) for the period	1,237,816	(723,535)	(704,225)
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive profit (loss) for the period	1,237,816	(723,535)	(704,225)

Statements of Changes in Equity	Ordinary Shares \$	Accumulated Losses \$	Reserves \$	Total \$
Balance at 30 June 2016	19,286,516	(23,166,762)	994,710	(2,885,537)
Shares issued (net of costs)	-	-	-	-
Comprehensive income(loss) for the year	-	(704,225)	-	(704,225)
Balance at 30 June 2017	19,286,516	(23,870,987)	994,710	(3,589,762)
Shares issued (net of costs)	-	-	-	-
Comprehensive income(loss) for the period	-	(723,535)	-	(723,535)
Balance at 30 June 2018	19,286,516	(24,594,522)	994,710	(4,313,297)
Shares issued (net of costs)	-	-	-	-

Statements of Changes in Equity	Ordinary Shares \$	Accumulated Losses \$	Reserves \$	Total \$
Comprehensive income(loss) for the period	-	1,237,816	-	1,237,816
Balance at 31 December 2018	19,286,516	(23,356,706)	994,710	(3,075,480)

Statements of Cashflows	31 December 2018 \$AUD Reviewed	30 June 2018 \$AUD Audited	30 June 2017 \$AUD Audited
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received	-	-	3
Receipts	-	3,715	-
Payments to suppliers and employees	(12,364)	(103,814)	(277,291)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(12,364)	(100,099)	(277,288)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from (Repayments of) borrowings	-	58,569	304,758
NET CASH FLOWS FROM FINANCING ACTIVITIES	-	58,569	304,758
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD	(12,364)	(41,530)	27,470
Cash and cash equivalent at beginning of the period	12,364)	53,894	26,424
Cash and cash equivalent at the end of the period	-	12,364	53,894

22 May 2019

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Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT

Independent Limited Assurance Report ("Report") on XTV Networks Limited (to be re-named New Zealand Coastal Seafoods Limited) Historical and Pro Forma Historical Financial Information

Introduction

We have been engaged by XTV Networks Limited (to be re-named New Zealand Coastal Seafoods Limited) (the "Company") to report on the historical financial and pro forma historical financial information of the Company and its controlled entities (the "Group") as at 31 December 2018 for inclusion in the prospectus ("Prospectus") of the Company dated on or about 22 May 2019 in connection with the Company's public offering which is required to obtain re-instatement on the Australian Securities Exchange ("ASX"), pursuant to which the Company is offering 200,000,000 ordinary fully paid shares at an issue price of \$0.025 per share to raise a minimum of \$5,000,000 before costs (the "Minimum Offer") and up to 240,000,000 ordinary fully paid shares at an issue price of \$0.025 per share to raise a maximum of \$6,000,000 before costs (the "Maximum Offer"). The Prospectus also contains an issue of a minimum of 30,000,000 Lead Manager Options and a maximum of 36,000,000 Lead Manager Options to the Lead Manager.

Expressions and terms defined in the Prospectus have the same meaning in this Report unless defined otherwise in this Report.

The future prospects of the Group, other than the preparation of Proforma Historical Financial Information, assuming completion of the transactions summarised in Section 8 of the Prospectus, are not addressed in this Report. This Report also does not address the rights attaching to the shares and options to be issued pursuant to the Prospectus, nor the risks associated with an investment in shares in the Group.

Background

On 15 July 2014, the Company announced the signing of an Exclusivity Agreement with the intention to acquire 100% of the issued capital of US based digital technology company, mppAPPs Inc (later renamed xTV Networks Inc). On 28 January 2015, the Company announced that the merger between the Company and mppAPPs Inc Inc was completed. From this time, the Company focused on the development and commercialisation of its digital technology.

On 16 June 2016, the Company sought a voluntary suspension in the trading of its securities from the ASX pending an announcement on its management and restructuring arrangements. During September 2016, a petition under Chapter 7 of the US Bankruptcy Code was filed in the Northern Californian Bankruptcy Court in relation to the Company's US based subsidiary, XTV Networks Inc. In October 2016, XTV Networks Inc. entered bankruptcy.

The Company's securities remained suspended from trading on the ASX and the Company was placed into Voluntary Administration on 10 July 2018, at which time Messrs Wayne Rushton and Martin Jones of Ferrier Hodgson were appointed Voluntary Administrators of the Company under the Corporations Act 2001.

On 31 August 2018, a Deed of Company Arrangement ("DOCA") was entered into between the Company and its creditors. The DOCA was effectuated on 6 February 2019 at which time the appointment of the Voluntary Administrators ceased and the Company returned to the control of the Directors.

On 12 April 2019, the Acquisition Agreement (summarised in the 'Material Contracts' section of the Prospectus) was executed between the Company, NZCS and the Vendors.

Under the Acquisition Agreement, the Company will acquire the entire issued share capital of NZCS from the Vendors in exchange for the issue of 166,694,937 Shares in the Company and procuring the transfer of 42,840,001 Options from existing holders to the Vendors. These Options expire on 5 February 2023 and (subject to Shareholder approval) will be exercisable at \$0.06 each at any time up to the expiry date.

New Zealand Coastal Seafoods Limited (formerly Kiwi Ling Limited) was incorporated in New Zealand on 10 November 2016 and its principal activity continues to be the sale of seafood products.

Upon completion of the Acquisition, the Company will change its name to New Zealand Coastal Seafoods Limited. The transaction between the Company and NZCS has been accounted for as a share based payment under *AASB 2 – Share based payments*. For the purposes of the Pro Forma Historical Financial Information appearing in Section 8 of the Prospectus, NZCS is considered the legal subsidiary/ accounting acquirer and the Company is considered the legal parent/ accounting acquiree. The Pro Forma Historical Financial Information therefore reflects the continuing business of NZCS rather than the Company.

The proforma financial information has been prepared using a balance date of 31 December 2018 corresponding to the most recently available information and assumes that the significant events that have occurred since 31 December 2018 to the date of this Report, and the proposed transactions set out in the 'Details of the Offers' section of the Prospectus had been completed as at that date.

The intended use of the funds raised by the issue of Shares under the Public Offer is set out in the 'Details of the Offers' section of the Prospectus.

Scope

Historical financial information

You have requested Crowe Horwath Perth to review the historical financial information comprising:

- the reviewed Statement of Financial Position as at 31 December 2018 and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cashflows and notes to the financial statements of the Company for the six month period then ended;
- the audited Statements of Financial Position as at 30 June 2018 and 30 June 2017 and the Statements of Profit or Loss and Other Comprehensive Income, Statements of Changes in Equity, Statements of Cashflows and notes to the financial statements of the Company for the years then ended;
- the audited Balance Sheet as at 31 December 2018 and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cashflows and notes to the financial statements of NZCS for the nine month period then ended;
- the audited Balance Sheet as at 31 March 2018 and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cashflows and notes to the financial statements of NZCS for the year then ended; and
- the audited Balance Sheet as at 31 March 2017 and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cashflows and notes to the financial statements of NZCS for the period from incorporation, being 10 November 2016 to 31 March 2017.

The historical financial information has been prepared in accordance with the stated basis of preparation being the recognition and measurement principles of the New Zealand equivalents to International Financial Reporting Standards and Australian Accounting Standards.

The historical financial information has been extracted from the:

- reviewed financial report of the Company for the six month period ended 31 December 2018 and the audited financial reports of the Company for the years ended 30 June 2018 and 30 June 2017; and
- the audited financial reports of NZCS for the nine month period ended 31 December 2018, the year ended 31 March 2018 and the period ended 31 March 2017.

The financial reports of NZCS for the nine month period ended 31 December 2018, the year ended 31 March 2018 and the period ended 31 March 2017, were audited by Crowe Horwath New Zealand Audit Partnership (“CHNZAP”) in accordance with International Standards on Auditing (New Zealand), with the following audit opinions being issued for the respective period ends:

- 31 December 2018, 31 March 2018 and 31 March 2017 - modified audit opinions were issued on the basis that CHNZAP were appointed auditors on 22 February 2019 and were therefore unable to obtain sufficient appropriate audit evidence concerning inventory quantities on hand as at 31 March 2018 and 31 March 2017. A modified opinion was issued for 31 December 2018 on the basis that CHNZAP were unable to obtain sufficient appropriate audit evidence concerning the opening inventory position at 1 April 2018; and
- 31 March 2017 and 31 March 2018 – the audit opinions included an emphasis of matter paragraph on the basis of financial statement preparation. The audit opinions were not modified in relation to this matter.

The financial report of the Company for the six month period ended 31 December 2018 was reviewed by Crowe Horwath Perth in accordance with the Auditing Standard applicable to Review Engagements ASRE: 2410 – *Review of a Financial Report*. The financial reports of the Company for the years ended

30 June 2018 and 30 June 2017 were audited by Crowe Horwath Perth in accordance with Australian Auditing Standards. The following audit opinions were issued for the respective period ends:

- 31 December 2018 – an unmodified conclusion was issued; and
- 30 June 2018 and 30 June 2017 - a disclaimer of opinion was issued on the following bases:
 - Management were unable to provide sufficiently complete information in respect to creditor claims (including employee entitlements) arising in a liquidation scenario. As a result, the auditor was unable to gain sufficient evidence of the completeness of creditor claims and the associated disclosures in the financial report; and
 - The financial report was not prepared on a consolidated basis as required by *AASB 10 – Consolidated Financial Statements*.

The historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all the presentation and disclosures required by New Zealand equivalents to International Financial Reporting Standards, Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

Pro forma historical financial information

You have requested Crowe Horwath Perth to review the proforma historical statement of financial position as at 31 December 2018 and the proforma historical statement of cashflows for the period then ended, referred to as “the proforma historical financial information”.

The proforma historical financial information has been derived from the historical financial information after adjusting for the effects of the significant events and proforma adjustments described in Section 8. The stated basis of preparation is the recognition and measurement principles of New Zealand equivalents to International Financial Reporting Standards and the Australian Accounting Standards applied to the historical financial information and the events or transactions to which the subsequent events and pro forma adjustments relate, as described in Section 8, as if those events or transactions had occurred as at the date of the historical financial information.

Due to its nature, the proforma historical financial information does not represent the actual or prospective financial position or cashflows of the Group.

Directors’ responsibility

The Directors of the Company and NZCS are responsible for the preparation and presentation of the respective historical financial information and proforma historical financial information, including the selection and determination of significant events and proforma adjustments made to the historical financial information and included in the proforma historical financial information, as presented in Section 8. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of historical financial information and proforma historical financial information that are free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the historical financial information and proforma historical financial information based on the procedures performed and the evidence we have

obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 - *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making such enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. Our procedures included:

- A consistency check of the application of the stated basis of preparation, to the historical and proforma historical financial information;
- A review of the Group's and its auditors' work papers, accounting records and other documents;
- Enquiry of directors, management personnel and advisors;
- Consideration of subsequent events and proforma adjustments described in Section 8; and
- Performance of analytical procedures applied to the proforma historical financial information.

A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions

Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the historical financial information as set out in Section 8 of the Prospectus, and comprising:

- the Statement of Financial Position as at 31 December 2018 and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cashflows of the Company for the six month period then ended;
- the Statements of Financial Position as at 30 June 2018 and 30 June 2017 and the Statements of Profit or Loss and Other Comprehensive Income, Statements of Changes in Equity and Statements of Cashflows of the Company for the years then ended;
- the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cashflows of NZCS for the nine month period ended 31 December 2018, the year ended 31 March 2018 and the period from 10 November 2016 to 31 March 2017, respectively; and
- the Statement of Financial Position of NZCS as at 31 December 2018, 31 March 2018 and 31 March 2017,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 8 of the Prospectus.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the proforma historical financial information as described in Section 8 of the Prospectus, and comprising the proforma statement of financial position as at 31 December 2018 and the proforma statement of cashflows for the period then ended, of NZCS, is not presented fairly in all material respects, in accordance with the stated basis of preparation, as described in Section 8 of the Prospectus.

Subsequent Events

There have been no material items, transactions or events subsequent to 31 December 2018 not otherwise disclosed in the Prospectus or this Report which have come to our attention during the course of our review that would require comment in, or adjustment to, the content of this Report or which would cause such information included in this Report to be misleading.

Restriction of use

Without modifying our conclusions, we draw attention to the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Responsibility

Crowe Horwath Perth has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included. Crowe Horwath Perth has not authorised the issue of the Prospectus. Accordingly, Crowe Horwath Perth makes no representation regarding, and takes no responsibility for, any other documents or material in, or omissions from, the Prospectus.

Disclosure of Interest

Crowe Horwath Perth does not have any pecuniary interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. Crowe Horwath Perth will receive a professional fee for the preparation of this Report.

Yours sincerely

CROWE HORWATH PERTH



CYRUS PATELL

Partner

9. BOARD, MANAGEMENT AND INTERESTS

9.1 Directors of the Company

As at the date of this Prospectus, the Board comprises the following:

- (a) Winton Willesee;
- (b) Eryn Dale; and
- (c) Harry Hill.

It is proposed that upon Settlement:

- (a) Cataldo Miccio and Jourdan Thompson will be appointed to the Board as Non-Executive Directors; and
- (b) Harry Hill intends to resign as a Director.

The Company is aware of the need to have sufficient management to properly manage the business of NZCS and the Board will continually monitor the management roles in the Company. The Board may look to appoint additional management and/or consultants when and where appropriate to ensure proper management of the Company.

9.2 Current Directors

The profiles of each of the current Directors who will remain as Directors at Settlement are set out below.

Winton Willesee - Chairman (Non-Executive Chairman upon completion of the Acquisition)

Mr. Willesee has served as a director of the Company since 8 July 2016. Mr. Willesee is an experienced company director. He brings a broad range of skills and experience in strategy, company development, corporate governance, company public listings, merger and acquisition transactions and corporate finance. Mr. Willesee has considerable experience with ASX listed and other companies over a broad range of industries, having held directorships, chairmanships and company secretarial positions with a number of ASX-listed companies over many years. Mr. Willesee holds a Master of Commerce, a Post-Graduate Diploma in Business (Economics and Finance), a Graduate Diploma in Applied Finance and Investment, a Graduate Diploma in Applied Corporate Governance, a Graduate Diploma in Education and a Bachelor of Business. He is a Fellow of the Financial Services Institute of Australasia, a Graduate of the Australian Institute of Company Directors, a Member of CPA Australia and a Fellow of the Governance Institute of Australia and the Institute of Chartered Secretaries and Administrators/Chartered Secretary. Mr. Willesee is currently a Non-Executive Director of MMJ Group Holdings Limited (MMJ), Nanollose Limited (NC6) and Neurotech International Limited (NTI). Mr Willesee does not expect that his other directorships will impact his ability to act as a Director of the Company.

Investors should be aware that one area of Mr Willesee's business expertise is with high risk enterprises and the recovery and restructure of distressed entities, such has been the case with the Company. As part of endeavours with enterprises of this nature, as well as the situation with the Company that is being progressed with the Acquisition and the Offers, Mr Willesee has been involved as a director in one other company where a formal administration was determined to be the best

course of action for stakeholders. In January 2014, the board of Cove Resources Limited (of which Mr Willesee was a director) appointed an administrator due to concerns around the future availability of capital to fund its continued minerals exploration operations. Since then, Cove Resources Limited has been recapitalised, is no longer in administration and has recommenced trading on the ASX.

Erlyn Dale - Non-Executive Director and Company Secretary

Ms. Dale has served as a director of the Company since 8 July 2016. Ms. Dale is an experienced corporate professional with a broad range of corporate governance and capital markets experience, having been involved with several public company listings, merger and acquisition transactions and capital raisings for ASX-listed companies across a diverse range of industries. Ms. Dale holds a Bachelor of Commerce (Accounting and Finance) and a Graduate Diploma in Applied Corporate Governance. She is a member of the Governance Institute of Australia/Chartered Secretary. Ms. Dale has previously held Non-Executive Director and company secretary positions at several ASX-listed companies.

9.3 Proposed Directors

The profiles of each of the Proposed Directors are set out below.

Cataldo Miccio - Non-Executive Director

Prior to co-founding NZCS, Mr Miccio was the mayor of Nelson, New Zealand, and prior to that served as a Councillor of Nelson, beginning in 2007. In 2010, Mr Miccio successfully sold Bissi Ltd, an apparel company he had started in 1998 and which, at its peak, grew to over A\$15 million in annual sales. Mr Miccio currently serves as the Managing Director of KELA Charms and is a Vice President of the Italian Chamber of Commerce in New Zealand. Mr Miccio holds a Bachelor of Commerce in Business Administration, Management and Operations.

Mr Miccio does not currently hold any other directorships of public companies.

Jourdan Thompson - Non-Executive Director

Mr Thompson is currently the Chief Financial Executive of Keytone Dairy Corporation Limited (ASX:KTD) and is an experienced FMCG executive. In addition, Mr Thompson has over 15 years' industry experience in investment banking, finance and restructuring both in Australia and Europe. Mr. Thompson has spent the last 10 years in investment banking, working most recently for Greenhill & Co. as a director, based in the Sydney office and prior to this for ING Investment Bank based in London. During his time at Greenhill, Mr. Thompson principally focussed on strategic and advisory mandates for ASX200 clients. Mr. Thompson began his career at KPMG in the Corporate Recovery and Restructuring team (now McGrathNicol), prior to moving to the Corporate Finance team at Ernst & Young.

Mr. Thompson is a qualified Chartered Accountant with Chartered Accountants Australia and New Zealand and holds a Bachelor of Commerce degree, majoring in Accounting and Finance, from the University of New South Wales. Mr. Thompson is not currently a director of any public companies.

9.4 Proposed Senior Management

The profile of the proposed senior management is set out below:

Peter Win - Chief Executive Officer

Prior to co-founding NZCS, Mr Win founded and managed Elanz Limited, a niche food and beverage business that exported locally produced premium products to international markets. Prior to that, Mr Win worked on a number of large oil and gas projects across Africa, China and Europe and has obtained a number of certifications in marine engineering.

9.5 Disclosure of Interests

Interests in Securities

Directors are not required under the Constitution to hold any Shares to be eligible to act as a director. As at the date of this Prospectus, the Existing Directors and the Proposed Directors have relevant interests in Securities (on a post-Subdivision basis) as follows:

Director	Shares	Voting Power (Undiluted)	Options	Voting Power (Diluted)
Winton Willesee ¹	60,907,500	39.76%	75,000,000	53.59%
Eryn Dale	Nil	0.00%	Nil	0.00%
Harry Hill	Nil	0.00%	Nil	0.00%
Cataldo Miccio ² (a Vendor)	Nil	0.00%	Nil	0.00%
Jourdan Thompson	Nil	0.00%	Nil	0.00%

Notes:

1. Mr Willesee's relevant interest in Securities includes the 907,500 Shares held by a nominee on behalf of Azalea Family Holdings Pty Ltd as trustee for the Britt and Winton Willesee Family Trust (a trust which Mr Willesee is a beneficiary of) and further in addition to 60,000,000 Shares and 75,000,000 2023 Options held by White Oak Ridge Capital, LLC. Mr Willesee is the manager of White Oak Ridge Capital, LLC. Mr Willesee, or his nominee, is entitled to a management fee based on the performance of White Oak Ridge Capital, LLC.

Following the successful completion of the Offers and Settlement, the Directors will have relevant interests in Securities (on a post-Subdivision basis), and assuming Minimum Subscription, as follows:

Director	Shares	Voting Power (Undiluted)	Options	Voting Power (Diluted)
Winton Willesee ¹	62,907,500	11.87%	30,870,000	14.20%
Eryn Dale	2,000,000	0.38%	8,000,000	1.51%
Harry Hill	2,000,000	0.38%	Nil	0.30%

Director	Shares	Voting Power (Undiluted)	Options	Voting Power (Diluted)
Cataldo Miccio ² (a Vendor)	54,786,730	10.34%	13,566,000	10.35%
Jourdan Thompson	2,000,000	0.38%	8,000,000	1.51%

Notes:

1. Mr Willesee's relevant interest in Securities includes the 2,000,000 Shares Mr Willesee may subscribe for under the Public Offer in addition to 907,500 Shares held by a nominee on behalf of Azalea Family Holdings Pty Ltd as trustee for the Britt and Winton Willesee Family Trust (a trust which Mr Willesee is a beneficiary of) and further in addition to 60,000,000 Shares and 30,870,000 2023 Options held by White Oak Ridge Capital, LLC. Mr Willesee is the manager of White Oak Ridge Capital, LLC. Mr Willesee, or his nominee, is entitled to a management fee based on the performance of White Oak Ridge Capital, LLC.
2. Mr Miccio's relevant interest in Securities includes the 2,000,000 Shares Mr Miccio may subscribe for under the Public Offer in addition to 52,786,730 Consideration Shares to be issued to Mr Miccio and 13,566,000 2023 Options to be transferred to Mr Miccio pursuant to the Acquisition.

The above table and notes have been prepared on a post-Subdivision basis and assumes that the Existing Directors and Proposed Directors fully subscribe under the Public Offer for the amounts to be approved by Shareholders at the XTV General Meeting and that the transfer of the Consideration Options pursuant to the Acquisition Agreement has been completed.

Remuneration

Details of the Directors' remuneration for the previous completed and the current financial year (on an annualised basis) are set out in the table below:

Director	Remuneration for the year ended 30 June 2018	Remuneration for the year ended 30 June 2019	Proposed remuneration for year ending 30 June 2020
Winton Willesee	Nil	\$21,285	\$60,000
Eryn Dale	Nil	\$12,053	\$50,000
Harry Hill	Nil	\$12,053	Nil
Cataldo Miccio ¹	Nil	Nil	\$95,000
Jourdan Thompson ¹	Nil	Nil	\$50,000

Notes:

1. Cataldo Miccio and Jourdan Thompson are Proposed Directors and their remuneration will commence upon the date the Company is re-admitted to the Official List of ASX.

The remuneration of any executive director that may be appointed to the Board will be fixed by the Board and may be paid by way of fixed salary or consultancy fee.

9.6 Agreements with Directors and Related Parties

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

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

The agreements the Company has entered into with the Existing Directors and the Proposed Directors are detailed in Section 11.

10. CORPORATE GOVERNANCE

10.1 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted *The Corporate Governance Principles and Recommendations (3rd Edition)* as published by ASX Corporate Governance Council (**Recommendations**).

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board, and the implementation of additional corporate governance policies and structures, will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company's website at www.xtv.net.

10.2 Board of directors

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- (a) maintain and increase Shareholder value;
- (b) ensure a prudential and ethical basis for the Company's conduct and activities; and
- (c) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- (a) leading and setting the strategic direction and objectives of the Company;
- (b) appointing the Chairman of the Board, Managing Director or Chief Executive Officer and approving the appointment of Executives and the Company Secretary and the determination of their terms and conditions including remuneration and termination;
- (c) overseeing the Executive's implementation of the Company's strategic objectives and performance generally;
- (d) approving operating budgets, major capital expenditure and significant acquisitions and divestitures;
- (e) overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit (satisfying itself financial

statements released to the market fairly and accurately reflect the Company's financial position and performance);

- (f) overseeing the Company's procedures and processes for making timely and balanced disclosure of all material information that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- (g) reviewing, ratifying and monitoring the effectiveness of the Company's risk management framework, corporate governance policies and systems designed to ensure legal compliance; and
- (h) approving the Company's remuneration framework.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

10.3 Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto:

- (a) membership of the Board of Directors will be reviewed regularly to ensure the mix of skills and expertise is appropriate; and
- (b) the composition of the Board has been structured so as to provide the Company with an adequate mix of directors with industry knowledge, technical, commercial and financial skills together with integrity and judgment considered necessary to represent shareholders and fulfil the business objectives of the Company.

On completion of the Acquisition, the Board will consist of four Directors (being Winton Willesee, Eryn Dale, Cataldo Miccio and Jourdan Thompson). The Board considers the proposed balance of skills and expertise is appropriate for the Company for its currently planned level of activity.

To assist the Board in evaluating the appropriateness of the Board's mix of qualifications, experience and expertise, the Board will maintain a Board Skills Matrix.

The Board undertakes appropriate checks before appointing a person as a Director or putting forward to Shareholders a candidate for election as a Director.

The Board ensures that Shareholders are provided with all material information in the Board's possession relevant to a decision on whether or not to elect or re-elect a Director.

The Company shall develop and implement a formal induction program for Directors which allows new directors to participate fully and actively in Board decision-making at the earliest opportunity, and enable new Directors to gain an understanding of the Company's policies and procedures.

10.4 Identification and management of risk

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

10.5 Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

10.6 Independent professional advice

Subject to prior consultation with the Chairman, the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

10.7 Remuneration arrangements

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$250,000 per annum.

In addition, a Director may be paid fees or other amounts (i.e. subject to any necessary Shareholder approval, non-cash performance incentives such as Options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

10.8 Trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its Directors, officers, employees and contractors. The policy generally provides that for directors, the written acknowledgement of the Chair (or the Board in the case of the Chair) must be obtained prior to trading.

10.9 External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

10.10 Audit committee

The Company will not have a separate audit committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

10.11 Departures from Recommendations

Under the ASX Listing Rules the Company will be required to provide a statement in its annual financial report or on its website disclosing the extent to which it has followed the Recommendations during each reporting period. Where the Company has not followed a Recommendation, it must identify the Recommendation that has not been followed and give reasons for not following it.

The Company's departures from the Recommendations as at the date of this Prospectus are set out on the following pages.

Recommendation	Explanation
1.5	Due to the Company's stage of development and number of employees, the Company may face particular issues in relation to setting, reviewing, assessing and reporting on certain diversity measures. Consequently, the Company will not comply with Recommendation 1.5 (diversity) in full.
2.1, 4.1, 7.1, 7.3 & 8.1	<p>Due to the size and nature of the existing Board and the magnitude of the Company's current operations, the Board does not consider that the Company will gain any benefit from individual Board committees and that its resources would be better utilised in other areas. The Board is of the view that at this stage, the experience and skill set of the current Board is sufficient to perform these roles.</p> <p>As such, the Company does not currently have a Nomination Committee, an Audit and Risk Committee, an internal audit function or a Remuneration Committee as required by Recommendations 2.1, 4.1, 7.1, 7.3 and 8.1 respectively. Pursuant to the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Nomination, Audit and Risk and Remuneration Committees. The roles and responsibilities of these Committees are outlined in the relevant Committee Charters contained in the Company's Corporate Governance Plan which is available on the Company's website.</p> <p>The Board will devote time on an annual basis to discuss Board succession issues and to fulfil the roles and responsibilities associated with both maintaining the Company's internal audit function and arrangements with external auditors and with setting the level and composition of remuneration for Directors and senior</p>

Recommendation	Explanation
	<p>executives and ensuring that such remuneration is appropriate and not excessive. Further, all members of the Board are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting. The Company's Board Charter also outlines the monitoring, review and assessment of a range of internal audit functions and procedures of the Company.</p> <p>The Company will establish separate Nomination, Audit and Risk and Remuneration Committees once the Company's operations are considered to be of sufficient magnitude to warrant such Committees.</p>
<p>2.4</p>	<p>As at the date of this Prospectus, two of the four Board members (i.e. exactly half and not a majority) are independent Directors. Aldo Miccio is not considered to be an independent director due to the fact he will be a substantial shareholder of the Company upon completion of the Acquisition. Winton Willesee is also not considered to be an independent director as he is also substantial Shareholder of the Company. Erlyn Dale and Jourdan Thompson are considered to be independent directors of the Company.</p> <p>The Board, having regard to the Company's stage of development and the collective experience and expertise of the Directors, considers the current composition of the Board is appropriate. The Board will also look to appoint additional independent Non-Executive Directors once the Company's operations are considered to be of sufficient magnitude to warrant such appointments.</p>

11. MATERIAL CONTRACTS

Set out below is a brief summary of the certain contracts to which the Company is a party and which the Directors have identified as material to the Company or are of such a nature that an investor may wish to have details of particulars of them when making an assessment of whether to apply for Shares.

To fully understand all rights and obligations of a material contract, it would be necessary to review it in full and these summaries should be read in this light.

11.1 Agreements Connected with the Acquisition and Public Offer

11.1.1 Acquisition Agreement

As set out in Section 6.2, the Company has entered into the Acquisition Agreement pursuant to which it has agreed to acquire 100% of the issued capital of NZCS.

The key terms of the Acquisition Agreement are as follows:

(a) **Exclusivity**

From execution of the Acquisition Agreement until Settlement or earlier termination, the Vendors agree to exclusively deal with the Company regarding the Acquisition and allow for the Company to undertake due diligence on NZCS and its business and operations.

(b) **Conditions Precedent**

Completion of the Acquisition is subject to a number of conditions precedent, including but not limited to those set out below, being satisfied or waived by the Company on or before the later of 16 June 2019 (and any extended date for removal of the Company from the Official List that is approved by ASX) or such later date as is agreed by the Company and NZCS:

- (i) **(NZCS Material Adverse Change)** there having been no material adverse effect or any event, change, or effect that would, individually or in the aggregate, reasonably be expected to have a material adverse effect on NZCS;
- (ii) **(Removal from Official List)** the Company not having been removed from the Official List;
- (iii) **(Due Diligence)** completion of due diligence by the Company on NZCS' business, assets and operations, to the Company's satisfaction;
- (iv) **(Public Offer)** the Company receiving valid applications for a minimum of \$5,000,000 under the Public Offer and completing the Public Offer;
- (v) **(Shareholder Approvals)** the Company obtaining all necessary Shareholder approvals required by the Corporations Act and the ASX Listing Rules in relation to the Acquisition and the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules and reinstatement of the trading of the Shares on the Official List; and

- (vi) **(Regulatory Approvals)** the parties obtaining all necessary regulatory approvals pursuant to the ASX Listing Rules, the Corporations Act and any other law, as required to allow the parties to lawfully complete the Acquisition pursuant to the Acquisition Agreement, including conditional approval by the ASX being granted to reinstate the Shares to trading on the Official List,

(together, the **Conditions Precedent**).

(c) **Consideration**

Subject to satisfaction or waiver of the Conditions Precedent, in consideration for acquiring 100% of NZCS' issued share capital, the Company has agreed to issue 166,694,937 Shares (on a post-Subdivision basis) and cause to be transferred 42,840,001 2023 Options to the Vendors (on a post-Subdivision basis) in proportion to their respective shareholding in NZCS at settlement of the Acquisition.

Consideration Shares

The allocation of the Consideration Shares to the Vendors is set out in the table below:

Vendor	Percentage of Consideration Shares (%)	Consideration Shares to be issued
Cataldo Miccio (Co-founder of NZCS and Proposed Director of the Company – please refer to Sections 6.10 and 9.3 for further details of Mr Miccio)	31.67%	52,786,730
Peter Win (Co-founder of NZCS and proposed Chief Executive Officer of the Company – please refer to Section 6.10 for further details of Mr Win)	31.67%	52,786,730
Alexander Trading Corporation Ltd (Controlled by Alex Li, a co-founder of NZCS and current Head of Operations of NZCS – please refer to Section 6.10 for further details of Mr Li)	31.67%	52,786,730
Chang Yan Chen (Silent and minority shareholder in NZCS)	5.00%	8,334,747
Total	100.00%	166,694,937

Consideration Options

The Consideration Options are to be transferred to the Vendors by the three existing holders of the 2023 Options as set out below:

Optionholder	2023 Options held (pre-Subdivision)	2023 Options held (post-Subdivision)	Transfer of 2023 Options to Directors ¹	Transfer of 2023 Options to Vendors ²	Balance of 2023 Options held upon completion of transfers
White Oak Ridge Capital, LLC	25,000,000	75,000,000	12,000,000	32,130,000	30,870,000
Bergen Global Opportunity Fund, LP	7,500,000	22,500,000	3,600,000	9,639,000	9,261,000
Ms Merle Smith and Mrs Katherine Smith	833,334	2,500,002	400,000	1,071,001	1,029,001
Total	33,333,334	100,000,002	16,000,000	42,840,001	41,160,001

Notes:

1. The total of 8,000,000 2023 Options (on a post-Subdivision basis) will be transferred to Eryn Dale, an Existing Director, and the total of 8,000,000 2023 Options (on a post-Subdivision basis) will be transferred to Jourdan Thompson, a Proposed Director, as part of the Acquisition. Please refer to Section 9.5.
2. The table below sets out the number of 2023 Options (post-Subdivision) to be transferred to each Vendor:

Vendor	Percentage of Consideration Options (%)	Consideration Options to be issued
Cataldo Miccio (Co-founder of NZCS and Proposed Director of the Company – please refer to Sections 6.10 and 9.3 for further details of Mr Miccio)	31.67%	13,566,000
Peter Win (Co-founder of NZCS and proposed Chief Executive Officer of the Company – please refer to Section 6.10 for further details of Mr Win)	31.67%	13,566,000
Alexander Trading Corporation Ltd (Controlled by Alex Li, a co-founder of NZCS and current Head of Operations of NZCS – please refer to Section 6.10 for further details of Mr Li)	31.67%	13,566,000
Chang Yan Chen (Silent and minority shareholder in NZCS)	5.00%	2,142,000
Total	100.00%	42,840,001

(d) **Board composition**

At Settlement, the existing Board will be restructured by the appointment of Cataldo Miccio, a co-founder of NZCS, and Jourdan Thompson as directors of the Company and the resignation of Harry Hill as a Director. Winton Willesee and Eryn Dale will continue as Directors of the Company. The Company also intends to appoint Peter Win, a co-founder of NZCS, as Chief Executive Officer of the Company given his operational experience with NZCS.

(e) **Change of name**

Following Settlement, the Company will change its name to *New Zealand Coastal Seafoods Limited*.

The Acquisition Agreement otherwise contains terms and conditions which are considered standard for a transaction of this nature, including warranties and indemnities granted by and to the Company.

11.1.2 Lead Manager Mandate – Patersons Securities Limited

The Company has entered into a mandate letter with Patersons Securities Limited (ACN 008 896 311) (AFSL No. 239 052) (**Patersons**), the Lead Manager, dated 2 May 2019, pursuant to which Patersons has agreed to act as lead manager to the Public Offer (**Patersons Mandate**).

Subject to successful completion of the Acquisition, the Company has agreed to pay the following fees and issue the following Options to Patersons:

- (a) **(Lead Manager Fee)**: a lead manager fee of \$80,000 (plus GST) payable on completion of the Public Offer;
- (b) **(Lead Manager Options)**: that number of Lead Manager Options equal to 15% of the total Public Offer Shares to be issued under the Public Offer. The Lead Manager Options will be exercisable at \$0.0275 per Option within 3 years of the issue date;
- (c) **(Selling Fee)**: a selling fee equal to 6% (plus GST) on the total gross amount raised under the Public Offer; and
- (d) **(Reimbursement of Expenses)** all reasonable out-of-pocket expenses incurred by Patersons in performing its services under the Patersons Mandate, subject to consent from the Company being required prior to any single expense greater than \$2,000 being incurred.

Any broker fees payable to any co-managers, other brokers or intermediaries will be paid from the fees payable to Patersons.

Under the Patersons Mandate, the Company has also agreed to offer Patersons the lead role in any further equity capital raisings undertaken in connection with the Company within 12 months of completion of the Public Offer, subject to competitive terms relative to market practices at the time.

The Patersons Mandate may be terminated by the Company at any time before Patersons has extended any "firm commitment" offer to any investor to participate in the Public Offer on a no fault basis within 10 business days' notice in writing by the Company.

In addition, the Company may terminate the Patersons Mandate at any time without penalty:

- (a) if Patersons fails to rectify any material breach of the Patersons Mandate having been given 10 business days' notice in writing by the Company of such breach having occurred; or
- (b) if Patersons does not support the Acquisition after the initial roadshow; or
- (c) after 16 June 2019 on a no fault basis with 10 business days' notice in writing by the Company.

Patersons may terminate the Patersons Mandate at any time prior to completion of the Public Offer on the occurrence of a number of standard termination events.

The Patersons Mandate contains other standard indemnities, terms and conditions expected to be included in a mandate of this nature.

11.1.3 Corporate Advisor Mandate – Brentridge Capital Pty Ltd

The Company has signed a corporate advisory mandate dated 22 May 2019 (**Commencement Date**) with Brentridge Capital Pty Ltd (**Brentridge**) to act as corporate adviser of the Company in respect of the Public Offer (**Brentridge Mandate**). Brentridge is a related party of Bergen Global Opportunity Fund, LP and White Oak Ridge Capital, LLC, the Company's majority shareholders at the date of this Prospectus.

The Company has agreed to pay Brentridge a fixed capital raising fee of \$95,000 and reimburse Brentridge's out of pocket expenses.

The Brentridge Mandate may be terminated:

- (a) by the Company in the event Brentridge commits a material breach that remains unremedied for a period of ten business days after notification or without cause on 22 February 2020; and
- (b) by Brentridge at any time on 10 business days' notice to the Company.

The Brentridge Mandate contains other standard indemnities, terms and conditions expected to be included in a mandate of this nature.

11.1.4 Finder's Fee Agreement – Richard Fyers

Richard Fyers has provided certain finder and introduction services to the Company in respect of the Acquisition (**Services**).

On 12 April 2019 the Company entered into a finder's fee agreement with Mr Fyers (**Fyers Agreement**) pursuant to which the Company has agreed to:

- (a) issue 8,409,747 Shares (on a post-Subdivision basis) to Mr Fyers; and
- (b) make a cash payment of NZ\$50,000 (AU\$47,525) to Mr Fyers,

as consideration for the Services.

Completion of the Fyers Agreement is conditional upon the fulfilment of the following conditions precedent:

- (a) completion of the Acquisition; and

- (b) Mr Fyers delivering to the Company an executed restriction agreement in relation to the Shares to be issued to Mr Fyers pursuant to the Fyers Agreement, in the form and to the extent required by the ASX (**Restriction Agreement**).

The Fyers Agreement can be terminated by:

- (a) either party, in the event that the Acquisition Agreement is either not executed or is terminated for any reason; or
- (b) the Company, in the event that Mr Fyers fails to deliver the Restriction Agreement within 5 Business Days of completion of the Acquisition or if the Restriction Agreement delivered by Mr Fyers fails to comply with the ASX Listing Rules in all respects and Mr Fyers fails to cure such breach within 5 Business Days of the Company providing notice of the breach to Mr Fyers.

The Fyers Agreement also contains a number of acknowledgements made by Mr Fyers and other terms and conditions considered standard for an agreement of this nature.

11.1.5 Finder's Fee Agreement – BVG Trade and Investment Limited

BVG has provided certain finder and introduction services to NZCS to facilitate an investment in NZCS (**Services**) pursuant to a non-circumvention and finder's fee agreement entered into between BVG and NZCS dated 22 January 2019 (**Original BVG Agreement**).

On 1 April 2019 the Company entered into a finder's fee agreement with BVG, Yi Gu (BVG's sole director and sole shareholder) and NZCS (**BVG Agreement**) pursuant to which:

- (a) BVG and NZCS have agreed to terminate the Original BVG Agreement; and
- (b) the Company has agreed to issue 1,500,000 Shares (on a post-Subdivision basis) to BVG as consideration for the Services.

Completion of the BVG Agreement is conditional upon the fulfilment of the following conditions precedent:

- (a) completion of the Acquisition; and
- (b) BVG delivering to the Company an executed restriction agreement in relation to the Shares to be issued to BVG pursuant to the BVG Agreement, in the form and to the extent required by the ASX (**Restriction Agreement**).

The BVG Agreement can be terminated by:

- (a) either party, in the event that the Acquisition Agreement is either not executed or is terminated for any reason; or
- (b) the Company, in the event that BVG fails to deliver the Restriction Agreement within 5 Business Days of completion of the Acquisition or if the Restriction Agreement delivered by BVG fails to comply with the ASX Listing Rules in all respects and BVG fails to cure such breach within 5 Business Days of the Company providing notice of the breach to BVG.

If the BVG Agreement is terminated then the Original BVG Agreement will be automatically revived and reinstated.

The BVG Agreement also contains a number of acknowledgements made by BVG, representations and warranties given by Mr Gu and other terms and conditions considered standard for an agreement of this nature.

11.2 Corporate Services Agreements

11.2.1 Company Secretarial Agreement – Azalea Consulting Pty Ltd

The Company has entered into a consultancy agreement with Azalea Consulting Pty Ltd (**Azalea**), a company related to Winton Willesee, a Director, for the provision of company secretarial services dated 20 May 2019 (**Azalea Agreement**). The material terms and conditions of the Azalea Agreement are summarised below:

(a) **Term:**

The Azalea Agreement commenced on 20 May 2019 and will continue until terminated.

(b) **Fee:**

The Company is currently paying a monthly fee of \$5,000 (plus GST) to Azalea (**Azalea Fee**). The Azalea Fee will increase to \$5,850 (plus GST) per month upon reinstatement of the Company's Securities to trading on ASX. The Azalea Fee provides for up to 30 hours of work per month.

The Azalea Fee will automatically increase by 3% upon each anniversary of Azalea's engagement.

The Company will also pay Azalea a fee of:

- (i) \$185 per hour for any additional engagement or any out of scope work undertaken; and
- (ii) \$285 per hour (unless otherwise agreed by the parties) for any executive services provided beyond the scope of the Azalea Agreement.

In addition, the Company will pay a fee of \$1,500 per day (plus GST) to Azalea for each day that Azalea provides services to the Company in connection with the Acquisition and the Public Offer until the date the Company's Securities are reinstated to trading on ASX.

(c) **Reimbursement of Expenses**

The Company will reimburse Azalea for all expenses properly and reasonably incurred by Azalea in providing the services under the Azalea Agreement, subject to consent from the Company being required prior to any single expense of \$2,000 or more being incurred.

(d) **Termination**

The Azalea Agreement may be terminated by either the Company or Azalea as follows:

- (i) immediately upon the giving of written notice in the event of the other party committing any material breach of the Azalea Agreement, and that party fails to rectify the breach within 10 business days of receipt of written notice of the breach;
- (ii) upon giving no less than 3 months' written notice to the other party to that effect without reason.

The Company and Azalea are also parties to a letter agreement dated 19 February 2019 pursuant to which the Company is currently paying a monthly fee of \$1,000 (plus GST) to Azalea in consideration for the Company using Azalea's office as its registered office and principal place of business as well as Azalea providing back-office support (**Office Agreement**).

The Office Agreement may be terminated at any time by either party.

11.2.2 Accounting Services Agreement – Valle Corporate Pty Ltd

The Company has entered into an accounting services agreement with Valle Corporate Pty Ltd (**Valle**), a company related to Winton Willesee, a Director, for the provision of management accounting, financial reporting and bookkeeping services (**Valle Agreement**). The material terms and conditions of the Valle Agreement are summarised below:

(a) **Term:**

The Valle Agreement commenced on 19 February 2019 and will continue until terminated.

(b) **Fee:**

The Company will pay Valle an hourly rate fee of \$60 per hour (plus GST) (**Valle Fee**).

The Valle Fee will automatically increase by 3% upon each anniversary of Valle's engagement.

(c) **Reimbursement of Expenses**

The Company will reimburse Valle for all expenses incurred by Valle in providing the services under the Valle Agreement, subject to consent from the Company being required prior to any single expense of greater than \$2,000 being incurred.

(d) **Termination**

The Valle Agreement may be terminated without cause by either the Company or Valle by giving no less than one month's written notice (or payment in lieu of such notice) or such other period as is agreed by the parties.

11.3 Contracts Connected with the NZCS Business

11.3.1 Employment Agreement – Peter Win

NZCS has entered into an employment agreement with Peter Win dated 4 April 2019, pursuant to which Mr Win has been appointed as the Chief Executive

Officer of NZCS (the **CEO Agreement**). The material terms and conditions of the CEO Agreement are summarised below:

(a) **Term:**

Mr Win's employment with NZCS pursuant to the CEO Agreement will commence on the date on which the Company re-complies with the admission and quotation requirements as contemplated by the Acquisition Agreement.

(b) **Remuneration:**

For services rendered under the CEO Agreement, Mr Win receives a base salary of NZ\$140,000 (AU\$133,070) per annum.

(c) **Termination:**

The CEO Agreement may be terminated by either party with one month's written notice to the other party. In the event of Mr Win's serious misconduct, serious non-observance or serious neglect of the CEO Agreement, NZCS may dismiss Mr Win without notice.

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

11.3.2 Advisor Agreement – Cataldo Miccio

NZCS has entered into a contract for services with Cataldo Miccio dated 20 May 2019, pursuant to which Mr Miccio has been engaged as an advisor to NZCS (the **Advisor Agreement**). The material terms and conditions of the Advisor Agreement are summarised below:

(a) **Term:**

Mr Miccio's appointment as advisor commences on the date on which the Company re-complies with the admission and quotation requirements as contemplated by the Acquisition Agreement.

(b) **Contracting Fee:**

For services provided pursuant to the Advisor Agreement, NZCS will pay Mr Miccio a fee of NZ\$8,333 (AU\$7,920) (plus GST if applicable) per month on the assumption that Mr Miccio works a minimum of 32 hours per week (**Contracting Fee**). The Contracting Fee is fixed and will not increase in the event Mr Miccio works in excess of 32 hours per week.

(c) **Reimbursement of expenses:**

NZCS will reimburse Mr Miccio for all actual and reasonable expenses incurred by Mr Miccio while performing the services.

(d) **Termination:**

The Advisor Agreement may be terminated by either party with one month's written notice to the other party. In the event that Mr Cataldo fails to perform the services to the standard required or meet required timeframes, breaches the Advisor Agreement, is negligent or neglects or refuses to carry out duties assigned, is convicted of any criminal offence

which may adversely affect NZCS' business or reputation or is adjudicated bankrupt or reaches a compromise with creditors, NZCS may terminate the Advisor Agreement with immediate effect. If NZCS unreasonably withholds any payment which is due and owing to Mr Cataldo or the NZCS enters receivership or liquidation, Mr Cataldo may terminate the Advisor Agreement with immediate effect.

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

11.3.3 Consultant Agreement – Alexander Trading Corporation Limited and Alexander Li

NZCS has entered into a contract for services with Alexander Trading Corporation Limited (**Contractor**) and Alexander Li (**Consultant**) dated 29 March 2019, pursuant to which the Contractor and the Consultant has been engaged as operations consultant to NZCS (**Consultant Agreement**). The material terms and conditions of the Consultant Agreement are summarised below:

(a) **Term:**

The Contractor's and the Consultant's appointment as operations consultant commences on the date on which the Company re-complies with the admission and quotation requirements as contemplated by the Acquisition Agreement.

(b) **Contracting Fee:**

The Consultant will personally and exclusively perform the services. For services provided pursuant to the Consultant Agreement, NZCS will pay the Contractor a fee of NZ\$5,000 (AU\$4,753) (plus GST if applicable) per month on the assumption that the Contractor and the Consultant together work a minimum of 120 hours per month (**Contracting Fee**). The Contracting Fee is fixed and will not increase in the event the Contractor or the Consultant work in excess of 120 hours per month. The Contractor will be responsible for any payment due to the Consultant.

(c) **Reimbursement of expenses:**

NZCS will reimburse the Contractor for all actual and reasonable expenses incurred by the Contractor or the Consultant while performing the services, provided that the NZCS has approved the scope or details of any such expense before it is incurred.

(d) **Term:**

The Consultant Agreement will operate for a period of 12 months from the date it commences (**End Date**).

(e) **Termination:**

The Consultant Agreement may be terminated as follows:

- (i) by NZCS at any time prior to the End Date, by paying the Contractor the Contracting Fee for the remainder of the term through to the End Date;
- (ii) by any party at any time after the End Date, by giving one month's written notice;

- (iii) by NZCS at any time with immediate effect in the event that the Contractor or the Consultant fail to perform the services to the standard required or meet required timeframes, breaches the Consultant Agreement, is negligent or neglects or refuses to carry out duties assigned, is convicted of any criminal offence which may adversely affect NZCS' business or reputation, is adjudicated bankrupt or reaches a compromise with creditors or upon the receivership or liquidation of the Contractor; or
- (iv) by the Contractor or the Consultant at any time with immediate effect in the event that NZCS unreasonably withholds any payment or part thereof which is due and owing to the Contractor or upon the receivership or liquidation of NZCS.

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

11.3.4 Lease Agreement - 25B Birmingham Drive, Christchurch

NZCS was party to a lease agreement with an unrelated third party (**Lessor**), to lease Unit B, 25 Birmingham Drive, Middleton, Christchurch (**Lease Agreement**) at which location NZCS currently undertakes its business operations. The Lease Agreement was not formally renewed in accordance with its terms and NZCS currently occupies the premises on the basis of a statutory tenancy which can be terminated by the Lessor or NZCS on 20 working days' notice. Completion of the Acquisition and the Offers will also cause a change in the effective management and control of NZCS which requires the consent of the Lessor under the Lease Agreement. This consent has not been obtained. Under the Lease Agreement, NZCS currently pays NZ\$33,000 (AU\$31,367) (exclusive of GST) per annum to the Lessor. NZCS's relative lack of security in relation to the premises it currently operates from is not considered by the Board to be material given, as disclosed in Section 6, NZCS intends to use a proportion of the funds raised under the Public Offer to move to a larger manufacturing premises to extend its manufacturing capability and significantly expand its production capacity of its existing product range and to accommodate a range of additional product types.

11.3.5 Loan Agreement – Interim Funding

NZCS has entered into a loan agreement with the Company (**Lender**) dated 16 April 2019, pursuant to which the Lender has agreed to lend NZ\$40,000 (AU\$38,020) to NZCS (**XTV Loan**). The material terms of the XTV Loan are as follows:

(a) **Loan Amount:**

The Lender will advance NZ\$40,000 (AU\$38,020) to NZCS pursuant to the XTV Loan.

(b) **Purpose:**

The XTV Loan is to be used by NZCS to satisfy business costs and expenses incurred in the ordinary course of business (specifically to purchase raw seafood stock) and the costs and expenses incurred in connection with undertaking the Acquisition.

(c) **Security:**

The XTV Loan is unsecured.

(d) **Interest:**

The XTV Loan will accrue interest at the rate of 8% per annum.

(e) **Repayment:**

The XTV Loan (including interest), is repayable in cash as follows:

- (i) within 14 days of the date of completion of the Acquisition; or
- (ii) in the event the Acquisition does not proceed, within 14 days of the date the parties agree to terminate the Acquisition; or
- (iii) immediately in the event that an event of default has occurred.

(f) **Early Repayment:**

NZCS may repay the whole or any part of the XTV Loan (including interest) before it is due to be repaid without penalty by providing at least 5 business days' notice in writing to the Lender.

11.4 Management Contracts

11.4.1 Letters of appointment – Non-Executive Directors

The Existing Directors and the Proposed Directors have entered into letter agreements with the Company to act in the capacity of Non-Executive Directors. These Directors will receive the remuneration set out in Section 9.5.

The respective appointments of Mr Miccio and Mr Thompson as Non-Executive Directors will commence upon Settlement, subject to Shareholder approval being obtained at the XTV General Meeting.

Mr Willesee and Ms Dale have nominated Azalea Consulting Pty Ltd as their nominee to receive all payments to which they are entitled.

11.5 Deeds of indemnity, insurance and access

The Company has entered into a deed of indemnity, insurance and access with each of its Directors. Under these deeds, the Company agrees to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant officer and allow the officers to inspect board papers in certain circumstances.

12. ADDITIONAL INFORMATION

12.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

12.2 Rights attaching to Shares

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

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

(a) General meetings

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

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

(b) Voting rights

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

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

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the

amount paid or credited as paid is of the total amounts paid and payable in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they believe to be justified subject to the requirements of the Corporations Act. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, grant shareholders or a class of shareholders the right to elect to reinvest cash dividends paid by the Company by subscribing for Shares on the terms determined by the Board.

(d) **Winding-up**

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

(e) **Shareholder liability**

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

(f) **Transfer of Shares**

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

(g) **Variation of rights**

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

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

(h) **Alteration of Constitution**

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general

meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

12.3 Terms and Conditions of Lead Manager Options

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (j) below, the amount payable upon exercise of each Option will be \$0.0275 per Option (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on the third anniversary of its date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

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

If a notice delivered under paragraph (g)(ii) above for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

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

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

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

(l) **Transferability**

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

12.4 Terms and Conditions of 2023 Options

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (j) below, the amount payable upon exercise of each Option will be \$0.06 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 5 February 2023 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

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

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the Official List of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under paragraph (g)(ii) above for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

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

(i) **Quotation of Shares issued on exercise**

If admitted to the Official List of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) **Change in exercise price**

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

(m) **Unquoted**

The Company will not apply for quotation of the Options on ASX.

(n) **Transferability**

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

12.5 Incentive Option Plan

Shareholder approval is being sought at the XTV General Meeting for the adoption of an employee incentive scheme titled Incentive Option Plan (**Option Plan**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)). The adoption of the plan is not an Essential Resolution. Accordingly, if Shareholders do not approve the Option Plan, there will be no impact on the Acquisition or completion of the Offers.

The objective of the Option Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Option Plan and the future issue of Options under the Option Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

Any future issues of Options under the Option Plan to a related party or a person whose relationship with the Company or the related party is, in ASX's opinion, such

that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

The principle terms of the Option Plan are summarised below:

- (a) **Eligibility:** Participants in the Option Plan may be:
- (i) a Director (whether executive or non-executive) of the Company and any Associated Body Corporate of the Company (each, a **Group Company**);
 - (ii) a full or part time employee of any Group Company;
 - (iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 as amended or replaced (**Class Order**); or
 - (iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant under subparagraphs (i), (ii), or (iii) above,
- who is declared by the Board to be eligible to receive grants of Options under the Option Plan (**Eligible Participants**).
- (b) **Offer:** The Board may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant to apply for up to a specified number of Options, upon the terms set out in the Option Plan and upon such additional terms and conditions as the Board determines.
- (c) **Plan limit:** The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Options offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.
- (d) **Issue price:** Unless the Options are quoted on the ASX, Options issued under the Option Plan will be issued for no more than nominal cash consideration.
- (e) **Vesting Conditions:** An Option may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Option (**Vesting Conditions**).
- (f) **Vesting:** The Board may in its absolute discretion by written notice to a Participant (being an Eligible Participant to whom Options have been granted under the Option Plan or their nominee where the Options have been granted to the nominee of the Eligible Participant (**Relevant Person**)), resolve to waive any of the Vesting Conditions applying to Options due to:
- (i) special circumstances arising in relation to a Relevant Person in respect of those Options, being:

- (A) a Relevant Person ceasing to be an Eligible Participant due to:
 - (I) death or total or permanent disability of a Relevant Person; or
 - (II) retirement or redundancy of a Relevant Person;
 - (B) a Relevant Person suffering severe financial hardship;
 - (C) any other circumstance stated to constitute "special circumstances" in the terms of the relevant offer made to and accepted by the Participant; or
 - (D) any other circumstances determined by the Board at any time (whether before or after the offer) and notified to the relevant Participant which circumstances may relate to the Participant, a class of Participant, including the Participant or particular circumstances or class of circumstances applying to the Participant,

(Special Circumstances), or

 - (ii) a change of control occurring; or
 - (iii) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.
- (g) **Lapse of an Option:** An Option will lapse upon the earlier to occur of:
- (i) an unauthorised dealing in, or hedging of, the Option occurring;
 - (ii) a Vesting Condition in relation to the Option is not satisfied by its due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to waive the Vesting Conditions and vest the Option in the circumstances set out in paragraph (f) or the Board resolves, in its absolute discretion, to allow the unvested Options to remain unvested after the Relevant Person ceases to be an Eligible Participant;
 - (iii) in respect of unvested Option only, a Relevant Person ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Option in the circumstances set out in paragraph (f) or the Board resolves, in its absolute discretion, to allow the unvested Options to remain unvested after the Relevant Person ceases to be an Eligible Participant;
 - (iv) in respect of vested Options only, a Relevant Person ceases to be an Eligible Participant and the Options granted in respect of that Relevant Person are not exercised within one (1) month (or such later date as the Board determines) of the date that Relevant Person ceases to be an Eligible Participant;
 - (v) the Board deems that an Option lapses due to fraud, dishonesty or other improper behaviour of the Eligible Participant;

- (vi) the Company undergoes a change of control or a winding up resolution or order is made and the Board does not exercise its discretion to vest the Option; and
 - (vii) the expiry date of the Option.
- (h) **Not transferrable:** Subject to the ASX Listing Rules, Options are only transferrable in Special Circumstances with the prior written consent of the Board (which may be withheld in its absolute discretion) or by force of law upon death, to the Participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.
- (i) **Shares:** Shares resulting from the exercise of the Options shall, subject to any Sale Restrictions (refer to paragraph (j)), from the date of issue, rank on equal terms with all other Shares on issue.
- (j) **Sale Restrictions:** The Board may, in its discretion, determine at any time up until exercise of Options, that a restriction period will apply to some or all of the Shares issued to a Participant on exercise of those Options (**Restriction Period**). In addition, the Board may, in its sole discretion, having regard to the circumstances at the time, waive any such Restriction Period.
- (k) **Quotation of Shares:** If Shares of the same class as those issued upon exercise of Options issued under the Option Plan are quoted on the ASX, the Company will, subject to the ASX Listing Rules, apply to the ASX for those Shares to be quoted on ASX within 10 business days of the later of the date the Shares are issued and the date any Restriction Period applying to the disposal of Shares ends. The Company will not apply for quotation of any Options on the ASX.
- (l) **No Participation Rights:** There are no participation rights or entitlements inherent in the Options and Participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (m) **Change in exercise price or number of underlying securities:** An Option does not confer the right to a change in exercise price or in the number of underlying Shares over which the Option can be exercised.
- (n) **Reorganisation:** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), the terms of the Options will be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (o) **Amendments:** Subject to express restrictions set out in the Option Plan and complying with the Corporations Act, ASX Listing Rules and any other applicable law, the Board may, at any time, by resolution amend or add to all or any of the provisions of the Option Plan, or the terms or conditions of any Option granted under the Option Plan including giving any amendment retrospective effect.

12.6 Interests of Directors

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

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

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

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

12.7 Interests of Experts and Advisers

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

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- (b) promoter of the Company,

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

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

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

- (f) the formation or promotion of the Company; or
- (g) the Offers.

Crowe Horwath Perth has acted as Investigating Accountant and has prepared the Investigating Accountant's Report which is included in Section 8. The Company estimates it will pay Crowe Horwath Perth a total of \$12,000 (excluding GST) for these services. During the 24 months preceding lodgement of this

Prospectus with the ASIC, Crowe Horwath Perth has not received any other fees from the Company for any other services apart from audit services noted above.

Patersons Securities Limited will act as lead manager to the Public Offer. The Company has agreed to issue Patersons Securities Limited (or its nominee) up to 36,000,000 Lead Manager Options and pay the fees set out in Section 11.1.2. Further details in respect to the Lead Manager Mandate with Patersons Securities Limited are summarised in Section 11.1.2. During the 24 months preceding lodgement of this Prospectus with the ASIC, Patersons Securities Limited has not received fees for services provided to the Company.

Brentridge Capital Pty Ltd has acted as corporate advisor to the Company in relation to the Acquisition and the Public Offer. The Company has agreed to pay Brentridge Capital Pty Ltd the fee summarised in Section 11.1.3. During the 24 months preceding lodgement of this Prospectus with the ASIC, Brentridge Capital Pty Ltd has not received fees for services provided to the Company.

Steinepreis Paganin has acted as the solicitors to the Company in Australia relation to the Offers. The Company estimates it will pay Steinepreis Paganin \$120,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has not received any other fees for legal services provided to the Company.

Flacks & Wong Limited has acted as the solicitors to the Company in New Zealand in relation to the Offers. The Company estimates it will pay Flacks & Wong Limited \$67,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Flacks & Wong Limited has not received fees from the Company for any other services.

12.8 Consents

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

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Crowe Horwath New Zealand Audit Partnership has given its written consent to being named as the auditor of NZCS and to the inclusion of the audited financial statements for NZCS for the period from incorporation (10 November 2016) to 31 March 2017, the financial year ended 31 March 2018 and the nine month

period ended 31 December 2018 this Prospectus and has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Crowe Horwath Perth has given its written consent to being named as Investigating Accountant and auditor to the Company in this Prospectus and to the inclusion of the Investigating Accountant's Report included in Section 8 in the form and context in which the information and report is included. Crowe Horwath Perth has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the Australian solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Flacks & Wong Limited has given its written consent to being named as the New Zealand solicitors to the Company in this Prospectus. Flacks & Wong Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Patersons Securities Limited has given its written consent to being named as lead manager to the Public Offer in this Prospectus. Patersons Securities Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Brentridge Capital Pty Ltd has given its written consent to being named as corporate advisor to the Company in this Prospectus. Brentridge Capital Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Richard Fyers has given his written consent to being named as an advisor to the Company in this Prospectus. Richard Fyers has not withdrawn his consent prior to the lodgement of this Prospectus with the ASIC.

BVG Trade and Investment Limited has given its written consent to being named as an advisor to NZCS in this Prospectus. BVG Trade and Investment Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Security Transfer Australia Pty Ltd has given its written consent to being named as the share registry to the Company in this Prospectus. Security Transfer Australia Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

12.9 Expenses of the Public Offer

The total expenses of the Offer (excluding GST) are estimated to be approximately \$786,000 for the Minimum Subscription or \$847,000 for the Maximum Subscription and are expected to be applied towards the items set out in the table below:

Item of Expenditure	Minimum Subscription (\$)	Maximum Subscription (\$)
ASIC Fees	3,206	3,206
ASX Fees	78,830	79,907
Lead Manager Fees	380,000	440,000
Corporate Advisor Fees	95,000	95,000
Legal Fees	187,000	187,000

Item of Expenditure	Minimum Subscription (\$)	Maximum Subscription (\$)
Investigating Accountant's Fees	12,000	12,000
Printing, Distribution and Miscellaneous	29,964	29,887
TOTAL	\$786,000	\$847,000

12.10 ASX waivers and confirmations obtained

ASX Listing Rule 2.1 (Condition 2) provides that it is a condition of quotation of the main class of securities of an entity seeking admission to ASX that the issue price of such securities must be at least \$0.20 in cash. In addition, ASX Listing Rule 1.1 (Condition 12) provides that for an entity to be admitted to the Official List, the exercise price for any options on issue must be at least \$0.20 in cash.

On 8 May 2019, the ASX granted the Company:

- (a) a waiver from the requirements of ASX Listing Rule 2.1 (Condition 2) to permit it to issue Shares under the Public Offer at an issue price of not less than \$0.02 per Share; and
- (b) a waiver from ASX Listing Rule 1.1 Condition 12 for the Company to issue the Lead Manager Options with an exercise price of below \$0.20.

12.11 Continuous disclosure obligations

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

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

12.12 Electronic Prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at www.xtv.net.

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

12.13 Financial Forecasts

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

12.14 Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including 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. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

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

13. DIRECTORS' AUTHORISATION

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

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



Winton Willesee
Chairman
For and on behalf of
XTV Networks Ltd

14. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

\$ means an Australian dollar.

2019 Option means one of the 140,000 unquoted Options on issue (pre-Subdivision) exercisable at \$2.60 each on or before 31 May 2019.

2023 Option means an Option on issue with the terms and conditions set out in Section 12.4.

Acquisition means the acquisition by the Company of 100% of the issued capital of NZCS as contemplated by the Acquisition Agreement.

Acquisition Agreement means the binding share sale deed entered into between the Company and the Vendors, under which the Company has agreed to acquire 100% of the issued capital in NZCS.

Additional Offers means the Vendor Offer, the Director Offer, the Advisor Offer and the Lead Manager Offer.

Advisor Offer means the issue of the Advisor Shares respectively to the Advisors.

Advisor Shares means the Shares to be issued to the Advisors under the Advisor Offer.

Advisors means BVG and Richard Fyers.

Application Form means an application form attached to or accompanying this Prospectus relating to an Offer.

ASIC means Australian Securities & Investments Commission.

Associated Body Corporate means:

- (a) a related body corporate (as defined in the Corporations Act) of the Company;
- (b) a body corporate which has an entitlement to not less than 20% of the voting Shares of the Company; and
- (c) a body corporate in which the Company has an entitlement to not less than 20% of the voting shares.

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

ASX Listing Rules means the official listing rules of ASX.

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

Board means the board of Directors as constituted from time to time.

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

BVG means BVG Trade and Investment Limited (NZBN 9429041557693), a company incorporated in New Zealand with a registered office at 30 Millington Place, Huntington Park, Auckland, 2013, New Zealand.

Closing Date means the closing date of the Offers as set out in the indicative timetable in Section 3 (subject to the Company reserving the right to extend the Closing Date of one or more of the Offers or close one or more of the Offers early).

Company or **XTV** means XTV Networks Ltd (ACN 124 251 396).

Conditions means the conditions to the Offers, which are set out in Section 1.3 of this Prospectus.

Consideration Options means the 42,840,001 2023 Options to be transferred to the Vendors (on a post-Subdivision basis) at Settlement in consideration for the Acquisition.

Consideration Shares means the 166,694,937 Shares (on a post-Subdivision basis) to be issued to the Vendors at Settlement in consideration for the Acquisition.

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Director Offer means the transfer of the Director Options respectively to Eryn Dale and Jourdan Thompson.

Director Options means the 2023 Options to be transferred to Eryn Dale and Jourdan Thompson under the Director Offer.

Directors means the directors of the Company from time to time.

EBITDA means earnings before interest, tax, depreciation and amortization.

Essential Resolutions has the meaning given to it in Section 1.3.

Existing Directors means the current Directors of the Company, being Winton Willesee, Eryn Dale and Harry Hill.

Lead Manager means Patersons Securities Limited (ACN 008 896 311) (AFSL No. 239 052).

Lead Manager Mandate means the mandate between the Company and the Lead Manager as summarised at Section 11.1.2.

Lead Manager Offer means the offer of up to 36,000,000 Lead Manager Options to the Lead Manager.

Lead Manager Options means the Options to be issued to the Lead Manager on the terms set out in Section 12.3.

Maximum Subscription means the maximum amount to be raised under the Public Offer, being \$6,000,000.

Minimum Subscription means the minimum amount to be raised under the Public Offer, being \$5,000,000.

Notice of General Meeting means the Company's notice of general meeting dated 8 May 2019.

Offers means the offers made pursuant to this Prospectus, being the Public Offer and each Additional Offer.

Official List means the official list of ASX.

Official Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Proposed Directors means Cataldo Miccio and Jourdan Thompson.

Prospectus means this prospectus.

Public Offer means the offer of up to 240,000,000 Shares (on a post-Subdivision basis) at an issue price of \$0.025 per Share, to raise up to \$6,000,000 pursuant to this Prospectus as set out in Section 5.1.

Public Offer Application Form means an application form attached to or accompanying this Prospectus relating to the Public Offer.

Public Offer Shares means the Shares to be issued pursuant to the Public Offer.

Recommendations means *The Corporate Governance Principles and Recommendations (3rd Edition)* as published by ASX Corporate Governance Council.

Section means a section of this Prospectus.

Securities means a Share or an Option or both, as the context requires.

Security Holder means the holder of a Security.

Settlement means settlement of the Acquisition.

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

Shareholder means a holder of Shares.

Subdivision has the meaning given to it at Section 1.2.

Vendor Offer means the offer of the Consideration Shares and the Consideration Options to the Vendors.

Vendors means the shareholders of NZCS, being Cataldo Miccio, Peter Win, Alexander Trading Corporation Ltd and Chang Yan Chen.

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

XTV General Meeting means the general meeting of the Company to be held on 13 June 2019 as convened by the Notice of General Meeting.