



SYNTONIC LIMITED

ACN 123 867 765

PROSPECTUS

This Prospectus contains an offer of the Replacement Convertible Notes (**Replacement Notes Offer**) and is also being issued in order to facilitate secondary trading of the underlying securities issued upon the conversion of the Replacement Convertible Notes.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY.

THE SECURITIES OFFERED IN CONNECTION WITH THIS PROSPECTUS ARE OF A SPECULATIVE NATURE. IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER WITHOUT DELAY.

IMPORTANT INFORMATION

General

This Prospectus is dated 14 June 2019 and was lodged with ASIC on that date with the consent of all Directors. Neither ASIC nor ASX nor their respective officers take any responsibility for the contents of this Prospectus.

No Securities will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus).

A copy of this Prospectus is available for inspection at the office of the Company at 945 Wellington Street, West Perth WA 6005 during normal business hours. The Company will provide a copy of this Prospectus to any person on request. The Company will also provide copies of other documents on request (see Sections 5.2 and 5.3).

The Securities offered by this Prospectus should be considered speculative. Please refer to Section 3 for details relating to investment risks applicable to the Company.

Revenues and expenditures disclosed in this Prospectus are recognised exclusive of the amount of goods and services tax, unless otherwise disclosed.

This Prospectus will be made available in electronic form. Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus (free of charge) from the Company's principal place of business by contacting the Company. The Replacement Notes Offer contemplated by this Prospectus is only available in electronic form to persons receiving an electronic version of this Prospectus within Australia.

Applications for Securities will only be accepted on an Application Form that is provided by the Company, with a copy of this Prospectus in either paper or electronic form. The Corporations Act prohibits any person from passing on to another person an Application Form unless a complete and unaltered copy of this Prospectus accompanies it.

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

No action has been taken to permit the offer of Securities under this Prospectus in any jurisdiction other than Australia.

Applicable law may restrict the distribution of this Prospectus in jurisdictions outside Australia and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

Continuously Quoted Securities

In preparing this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and their professional advisers. This Prospectus is issued pursuant to section 713 of the Corporations Act (as modified by ASIC Legislative Instrument 2016/83). This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all information that would be included in a prospectus for an initial public offering.

Exposure Period

No exposure period applies to the Replacement Notes Offer.

Speculative Investment

An investment in the Securities should be considered highly speculative. Refer to Section 3 for details of the key risks applicable to an investment in the Company.

Persons wishing to apply for Securities should read this Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance profits and losses and prospectus of the Company and the rights and liabilities attaching to the Securities.

This Prospectus does not take into account the investment objectives, financial or taxation or particular needs of any Applicant. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to his/her particular needs, their individual risk profile for speculative investments, investment objectives and individual financial circumstances. If persons considering applying for Securities have any questions, they should consult their stockbroker, solicitor, accountant or other professional adviser.

There is no guarantee that the Securities will make a return on the capital invested, that dividends will be paid on Shares or that there will be an increase in the value of the Shares in the future.

Forward-looking Statements

This Prospectus contains forward-looking statements which may be identified by words such as 'believes', 'estimates', 'expects', 'intends', 'may', 'will', 'would', 'could', or 'should' 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 management of the Company. Key risks associated with an investment in the Company are detailed in Section 3. These and other factors could cause actual results to differ materially from those expressed in any 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.

The Company cannot and does not give assurances that the results, performance or achievements expressed or implied in 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.

Website

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

Currency

All financial amounts contained in this Prospectus are expressed as Australian dollars unless otherwise stated.

Rounding

Any discrepancies between totals and sums and components in tables contained in this Prospectus are due to rounding.

Time

All references to time in this Prospectus are references to WST, unless otherwise stated.

Glossary

Defined terms and abbreviations used in this Prospectus are detailed in the glossary of terms in Section 7.

CORPORATE DIRECTORY

Directors

Gary Greenbaum – Managing Director & CEO
Rahul Agarwal – Executive Director, President & CTO
Steven Elfman – Non-Executive Director, Non-Executive Chairman
Nigel Hennessy – Non-Executive Director

Joint Company Secretaries

Steven Wood
Edward Meagher

Registered Office

945 Wellington Street
West Perth WA 6005

Website

<https://syntonic.com/>

Auditors*

HLB Mann Judd
Level 4, 130 Stirling Street
Perth WA 6000

Share Registry*

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
Perth WA 6000

Phone (within Australia): 1300 850 505
Phone (outside Australia): +61 3 9415 4000

Solicitors

DLA Piper Australia
Level 31, Central Park
152-158 St Georges Terrace
Perth WA 6000 Australia

Home Exchange

Australian Securities Exchange
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

ASX Code

SYT

* These entities have been included for information purposes only. They have not been involved in the preparation of this Prospectus.

PROPOSED TIMETABLE

Event	Indicative Date
Lodgement of Prospectus with ASIC	14 June 2019
Opening Date	14 June 2019
Closing Date	17 June 2019
Issue of Securities	17 June 2019

The above timetable is indicative only and subject to change. Subject to compliance with all applicable laws, the Directors reserve the right to vary these dates, including the Closing Date at any time after the Opening Date, without prior notice.

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1. Details of the Replacement Notes Offer

1.1 Background

On 3 April 2019, the Company announced that it had entered into a convertible securities agreement (**Convertible Securities Agreement**) pursuant to which it has agreed to issue to Obsidian Global Partners LLC (**Obsidian**) an initial tranche of 1,000,000 Convertible Notes to raise US\$1,000,000 (before costs) (**Initial Convertible Notes**). Refer to the ASX announcement dated 3 April 2019 for further details.

On 10 April 2019, the Company announced that it had completed the allotment of 1,000,000 Initial Convertible Notes subject to the Maximum Cap to Obsidian following the receipt of US\$1.0 million (\$1.42 million). As at the date of this Prospectus, Obsidian has converted 150,000 Initial Convertible Notes and the Company has issued 69,103,428 Shares in respect to the conversion of these Initial Convertible Notes.

Under the terms of the Convertible Securities Agreement, the Company must within 60 days from the issue of the Initial Convertible Notes, seek Shareholder approval to issue replacement Convertible Notes that will not be limited by the Maximum Cap (**Replacement Convertible Notes**). Subject to the Company obtaining Shareholder approval, the Company will cancel the Initial Convertible Notes and issue the Replacement Convertible Notes.

On 9 May 2019, the Company lodged a notice of meeting seeking (amongst other matters) Shareholder approval for the issue of the Replacement Convertible Notes and, on 7 June 2019, the Company obtained Shareholder approval for the issue of the Replacement Convertible Notes.

1.2 The Replacement Notes Offer

The Company is offering, pursuant to this Prospectus, 850,000 Replacement Convertible Notes each at an issue price of US\$1.00 and face value of US\$1.15 per Replacement Convertible Note to Obsidian (and/or its nominees) (**Replacement Notes Offer**). The Replacement Notes Offer under this Prospectus is made only to Obsidian (and/or its nominees).

No consideration will be paid by Obsidian (and/or its nominees) in respect to the Replacement Notes Offer as the Replacement Convertible Notes are being issued in exchange for the Initial Convertible Notes, which will be cancelled upon the issue of the Replacement Convertible Notes.

The Replacement Convertible Notes offered under this Prospectus will have the terms and conditions detailed in Section 4.1.

The Replacement Notes Offer is being made with disclosure under this Prospectus to facilitate secondary trading of the Shares to be issued upon conversion of the Replacement Convertible Notes. Issuing the Replacement Convertible Notes under this Prospectus will enable persons who are issued the Replacement Convertible Notes to on-sell the Shares issued on conversion of the Replacement Convertible Notes pursuant to ASIC Corporations Instrument 2016/80.

Obsidian should refer to Section 1.7 for details of how to accept the Replacement Convertible Notes.

1.3 Purpose of the Prospectus

Accordingly, the purpose of this Prospectus is to:

- (a) make the Replacement Notes Offer; and
- (b) ensure that the on-sale of the underlying Shares to be issued upon the conversion of the Replacement Convertible Notes is in accordance with ASIC Corporations Instrument 2016/80.

1.4 Opening and Closing Dates

The closing date for the Replacement Notes Offer is 17 June 2019 (**Closing Date**). The Company will accept the Replacement Notes Offer Application Forms from 14 June 2019 until 5.00pm (WST) on 17 June 2019 or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules.

The Company reserves the right, subject to the Corporations Act and the Listing Rules, to extend the closing date of the Replacement Notes Offer without prior notice. If a closing date is varied, subsequent dates may also be varied accordingly.

1.5 No Minimum Subscription

There is no minimum amount sought to be raised under the Replacement Notes Offer.

1.6 Effect on control

The Replacement Notes Offer will have no impact on the control of the Company as no person as a result of the Replacement Notes Offer will increase their voting power in the Company:

- (a) from 20% or below to more than 20% of issued capital of the Company; or
- (b) from a starting point that is above 20% and below 90% of issued capital of the Company.

1.7 Application Form

The Replacement Notes Offer is an offer to Obsidian (and/or its nominees) only.

Only Obsidian (and/or its nominees) can accept the Replacement Convertible Notes under the Replacement Notes Offer. A personalised Application Form will be issued to Obsidian (and/or its nominees) together with a copy of this Prospectus. The Company will only provide a Convertible Notes Offer Application Form to the Obsidian (and/or its nominee).

If you are in doubt as to the course of action, you should consult your professional advisor.

Acceptance of a completed Application Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Securities accepted by the Company. The Application Form does not need to be signed to be a binding acceptance of Securities.

If the Application Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Application Form is final.

1.8 Issue and dispatch

All Securities under the Replacement Notes Offer are expected to be issued on or before the dates specified in the Indicative Timetable.

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

1.9 ASX quotation

The Company will not apply to ASX for official quotation of the Replacement Convertible Notes offered under this Prospectus. However, the Company will apply to ASX for official quotation of any Shares issued upon the conversion of the Replacement Convertible Notes.

1.10 CHESS

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of Securities.

If you are broker sponsored, ASX Settlement will send you a CHESS statement.

The CHESS statement will set out the number of Securities issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Securities.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by Computershare Investor Services Pty Ltd and will contain the number of Securities issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

1.11 Residents outside Australia

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

1.12 Risk factors

An investment in Securities should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are detailed in Section 3.

1.13 Taxation implications

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for Securities under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. As a result, Applicants should consult their professional tax adviser in connection with subscribing for Securities under this Prospectus.

1.14 Privacy

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

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

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

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

1.15 Major activities and financial information

A summary of the activities and financial information relating to the Company for the financial year ended 30 June 2018 is in the Annual Report which was lodged with ASX on 31 August 2018.

The Company's continuous disclosure notices (i.e. ASX announcements) since the lodgement of the Annual Report are listed in Section 5.2.

Copies of these documents are available free of charge from the Company. The Directors strongly recommend that Applicants review these and all other announcements prior to deciding whether or not to participate in the Convertible Notes Offer.

1.16 Enquiries concerning Prospectus

Enquiries relating to this Prospectus should be directed to the Joint Company Secretaries by telephone on + 61 8 9322 7600.

2. Effect of the Replacement Notes Offer

2.1 Capital Structure on completion of the Replacement Notes Offer

	Shares	Options	Convertible Notes
Securities on issue	3,288,287,588	365,426,437	850,000
Cancellation of Initial Convertible Notes ⁽¹⁾	-	-	(850,000)
Issue of Replacement Convertible Notes	-	-	850,000
Balance after the Replacement Notes Offer	3,288,287,588	365,426,437	850,000

Notes:

1. Under the terms of the Convertible Securities Agreement, the Company will cancel the Initial Convertible Notes and issue to Obsidian (and/or its nominees) the Replacement Convertible Notes.

2.2 Market price of Shares

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

Highest:	\$0.012 (20 March 2019)
Lowest:	\$0.003 (8 May 2019)
Latest	\$0.003 (14 June 2019)

2.3 Dividend policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

3. Risk Factors

Securities are considered highly speculative. An investment in the Company is not risk free. The proposed future activities of the Company are subject to a number of risks and other factors that may affect its future performance. Some of these risks can be mitigated by the use of safeguards and appropriate controls. However, many of the risks are outside the control of the Directors and management of the Company and cannot be mitigated.

The risks described in this Section 3.1 are not an exhaustive list of the risks faced by the Company or by investors in the Company. It should be considered in conjunction with other information in this Prospectus. The risks described in, and others not specifically referred to, in this Section 3.1 may in the future materially affect the financial performance and position of the Company and the value of Securities offered under this Prospectus. The Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, return of capital or the market value of those securities. The risks described in this Section 3.1 also necessarily include forward looking statements. Actual events may be materially different to those described and may therefore affect the Company in a different way.

Investors should be aware that the performance of the Company may be affected and the value of its Shares may rise or fall over any given period. None of the Directors or any person associated with the Company guarantees the Company's performance, the performance of the Shares or the market price at which the Shares will trade. The Directors strongly recommend that potential investors consider the risks detailed in this Section 3.1, together with information contained elsewhere in this Prospectus, and consult their professional advisers, before they decide whether to apply for Securities.

3.1 Risks Specific to the Company

(a) **Competition and New Technologies**

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

The size and financial strength of some of the Company's competitors may make it difficult for it to maintain a competitive position in the technology market. In particular, the Company's ability to acquire additional technology interests could be adversely affected if it is unable to respond effectively and/or in a timely manner to the strategies and actions of competitors and potential competitors or the entry of new competitors into the market. This may in turn impede the financial condition and rate of growth of the Company.

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

(b) **Future Capital Needs and Additional Funding**

The future capital requirements of the Company will depend on many factors including its business development activities. Although the Company's available cash is adequate to fund its business development activities, business plan and other Company objectives in the near term, changes to operational requirements, market conditions and business opportunities may mean further funding is required by the Company at an earlier stage than is currently anticipated.

Should the Company require additional funding there can be no assurance that additional financing will be available on acceptable terms, or at all. Any inability to obtain additional funding, if required, would have a material adverse effect on the Company's business and

its financial condition and performance and the Company's ability to continue as a going concern.

(c) **Sales and Marketing Success**

The Company is focused on developing and marketing its sponsored data services and cost effective mobile split billing solutions (**Syntonic Technology**). By its nature, there is no guarantee that the Syntonic Technology's development and marketing campaign will be successful. In the event that it is not, the Company may encounter difficulty creating market awareness of the Syntonic Technology. This would likely have an adverse impact on the Company's potential profitability.

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

(d) **Attracting Customers to the Platform**

The Company's revenue is affected by its ability to attract customers to the Syntonic Technology. Various factors can affect the level of customers using the Syntonic Technology, including:

- (i) Marketing and promotions: If the Company's marketing and promotion efforts are not effective this may result in fewer customers using the Syntonic Technology;
- (ii) Brand damage: If the Company suffers from reputational damage, customer numbers could be affected; and
- (iii) Pricing: Targeted customers may not be prepared to incur the costs for their business implicit in the adoption of the Syntonic Technology or to abandon their investments in existing technologies.

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

(e) **Hacker Attacks**

The Company will rely upon the availability of its Syntonic Technology to provide services to customers and attract new customers. Hackers could render the Syntonic Technology unavailable or cause customers' personal information to be compromised.

Although the Company has strategies in place to minimise such attacks, these strategies may not be successful. Unavailability of the Syntonic Technology could lead to a loss of revenue for the Company while compromising customers' information could hinder the Company's abilities to retain existing customers or attract new customers, which would have a material adverse impact on the Company's growth.

(f) **Risks Associated with Overseas Expansion**

The Syntonic Technology has been constructed so as to be capable of being utilised in, and marketed to, multiple overseas jurisdictions. As the Company seeks to expand into overseas markets, including Southeast Asia, Europe and Latin America, it may require a physical presence in those countries and an associated increase in overheads and development and marketing costs.

There is the risk that any overseas expansion will be unsuccessful, or that even if there is demand for the Company's products in that market, that the costs of doing business in that market, including the costs of establishing a new base in country, overseas regulatory compliance and the potential duplication of running costs for the business, are such that the Company's profitability and available working capital will be adversely impacted.

(g) **Customer Concentration Risk**

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

(h) **Contractual Third Party Risk**

The Company relies on third parties for key deliverables in its business model. This includes payment gateway providers, sales staff and integration of the Syntonic Technology to the market dispensing software packages. A failure of any one of these parties without an appropriate countermeasure could cause a disruption to operations. The company is continually assessing the risk and opportunities associated with its business model and other than disruptions for short periods of time due to service delivery failure is not solely reliant on any one party for delivery.

(i) **Staff Risk**

There is a risk that, where there is a turnover of development staff who have knowledge of the technology and business, that knowledge will be lost in the event that those staff resign or retire. This involves the risk that those staff will have information in respect of the Company's intellectual property which has a commercial value to the Company as well as an opportunity cost for replacement of those staff and subsequent training.

This risk is mitigated as the Company has historically had low levels of staff turnover in the development teams. In addition, all staff contracts contain express provisions with respect to ownership of intellectual property and restraints of trade to limit any potential loss suffered by the Company to the maximum extent possible.

(j) **Protection of Intellectual Property Rights**

The Company has pursued IP protection in the form of patent applications however legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain. Effective patent, trademark, copyright and trade secret protection may not be available to the Company in every country in which the Syntonic Technology may eventually be launched. Accordingly, despite its efforts, the Company may not be able to prevent third parties from infringing upon or misappropriating its intellectual property.

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

(k) **Failure to Deal with Growth**

The Company's business has the potential to grow rapidly. If that occurs and the Company fails to properly manage that growth, then that failure could harm its business. Any failure to meet customer demand properly could adversely affect the Company's business, including demand for the Company's products/services, revenue collection, customer satisfaction and public perception.

(l) **Currency Risk**

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

3.2 General Risks

(a) Reliance on Key Management

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

(b) Trading Price of Shares

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

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

(c) Additional Requirements for Capital

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

(d) Litigation Risks

The Company is exposed to possible litigation risks including intellectual property claims, contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

(e) Economic Risks

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

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

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

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

(f) **Technology Sector Risks**

The technology sector is characterised by rapid change. New and disruptive technologies can place competitive pressures on existing companies and business models, and technology stocks may experience greater price volatility than securities in some slower changing market sectors.

The value of the Company's securities may be adversely affected by any general decline in the valuation of listed securities and/or adverse market sentiment towards the technology sector in particular, regardless of the Company's operating performance.

(g) **Force Majeure**

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

(h) **Acquisitions**

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

3.3 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 its Securities.

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 the investment in the Company is speculative and should consult their professional adviser before deciding whether to apply for Securities pursuant to this Prospectus.

4. Material Contracts

4.1 Convertible Securities Agreement

As detailed in Section 1.1 above, the Company and Obsidian have entered into the Convertible Securities Agreement. Detailed below is a summary of the key terms and conditions of the Convertible Notes issued or to be issued under the Convertible Securities Agreement, being the Initial Convertible Notes, the Replacement Convertible Notes and the Tranche 2 Convertible Notes, which are, or may be, material in terms of the Replacement Notes Offer. To understand fully all rights and obligations pertaining to the Convertible Securities Agreement, it would be necessary to read it in full.

The terms and conditions of the Replacement Convertible Notes offered under this Prospectus and as set out in the Convertible Securities Agreement are included below:

(a) **Term**

The Initial Convertible Notes will mature on the date that is 90 days after the date of issue.

The Replacement Convertible Notes will mature on the date that is 12 months after the issue of the Initial Convertible Notes.

The Tranche 2 Convertible Notes will mature on the date that is 12 months after the date of issue.

(b) **Purchase Price and Face Value**

Each Convertible Note has a purchase price of US\$1.00 (**Purchase Price**) and a face value of US\$1.15 (**Face Value**).

(c) **Tranches and Issue Dates**

The Convertible Notes to be issued under the Convertible Securities Agreement will be issued as follows:

- (i) 1,000,000 Convertible Notes, being the Initial Convertible Notes;
- (ii) subject to the Company obtaining the requisite Shareholder approval within 60 days from the issue of the Initial Convertible Notes, the Company will cancel the Initial Convertible Notes and issue to Obsidian (and/or its nominees) Replacement Convertible Notes that will not be limited to the Maximum Cap (defined below); and
- (iii) at the Company's election and subject to the Company obtaining the requisite Shareholder approval, the Company may issue up to an additional:
 - (A) 750,000 Convertible Notes, being the Tranche 2 Convertible Notes; and
 - (B) 750,000 Convertible Notes.

(d) **Conditions to Issue of Convertible Notes**

Prior to the issue of the Convertible Notes under the Convertible Securities Agreement, the Company must:

- (i) deliver to Obsidian:
 - (A) a Board resolution approving the issue;

- (B) a signed certificate of compliance; and
- (C) a signed purchase statement setting out the net Purchase Price; and
- (ii) pay the commitment fee (detailed in paragraph (e) below); and
- (iii) execute the General Security Agreement.

The Company has entered into a general security agreement (**General Security Agreement**) pursuant to which the Company has agreed to grant a charge and a security interest to Obsidian in respect to the whole of the undertaking, property and assets of the Company.

(e) **Commitment Fee**

The Company must pay to Obsidian a commitment fee of 2.5% of the Purchase Price.

No commitment fee will be payable in respect to the Replacement Convertible Notes.

(f) **Interest**

No interest is payable on the Convertible Notes, other than if an Event of Default (detailed below) occurs or if the Company fails to pay Obsidian when due an amount payable under the Convertible Securities Agreement, in which case interest shall be payable at a rate of 10% per annum accruing daily and compounded monthly from the date of the Event of Default or the date upon which the amount was required to be paid until the Company discharges the amount outstanding in full.

(g) **Security**

The Convertible Notes are secured by the General Security Agreement.

(h) **Conversion**

Prior to the maturity date, the noteholders may elect to convert some or all of the issued Convertible Notes provided the Face Value of the Convertible Notes being converted is A\$30,000 or more. Following such an election, the Face Value of the Convertible Notes being converted will convert into Shares at price that is the lesser of:

- (i) 90% lowest trading VWAP during the 5 trading days prior to the conversion notice date; and
- (ii) a fixed conversion price of A\$0.015 (**Fixed Conversion Price**).

The maximum number of Shares that the Initial Convertible Notes can convert into is 152,640,050 Shares (**Maximum Cap**).

Subsequent Convertible Notes to be issued following the Company obtaining the requisite Shareholder approval (including the Replacement Convertible Notes and the Tranche 2 Convertible Notes) will not be subject to the Maximum Cap.

(i) **Early Redemption by the Company**

Prior to the maturity date, the Company may elect to redeem all of the outstanding Convertible Notes by paying to the noteholders the redemption amount of 110% of the Face Value (**Redemption Amount**).

(j) **Early Redemption on raise**

Obsidian may at any time following the Company obtaining at least US\$2,000,000 in aggregate from any source, require the Company to apply up to the lesser of:

- (i) 25% of the proceeds of the raising that exceed US\$2,000,000; and
- (ii) 25% of the Face Value of the outstanding Convertible Notes,

to the redemption of outstanding Convertible Notes at the Redemption Amount by giving notice to the Company.

(k) **Amortisation Payments**

The Company must on each day which is 180 days after the date of purchase, and every 30th day after, redeem outstanding Convertible Notes at the Redemption Amount by paying to Obsidian in immediately available funds the lesser of:

- (i) US\$25,000; and
- (ii) 110% of the Face Value of the outstanding Convertible Notes issued at that purchase.

(l) **Protective Provisions**

- (i) Upon the occurrence of a consolidation, subdivision or pro-rata cancellation of the Company's issued capital, the Fixed Conversion Price will be reduced or, as the case may be, increased, in the same proportion as the issued capital of the Company is, as the case may be, consolidated, subdivided or cancelled.
- (ii) If the Company:
 - (A) issues or agrees to issue Shares to any person at a per Share price which is less than the Fixed Conversion Price;
 - (B) issues options to acquire Shares to any person with an exercise price which is less than the Fixed Conversion Price; or
 - (C) issues any debt, equity or equity-linked securities to any person which are convertible into, exchangeable or exercisable for, or include the right to receive Shares or other securities at a fixed price which is less than the Fixed Conversion Price,

(all of which prices will be a **Lesser Price**) then the Fixed Conversion Price for the Replacement Convertible Notes and Tranche 2 Convertible Notes to be issued will be reduced to the Lesser Price

(m) **Transferability**

The Convertible Notes may be assigned or transferred by Obsidian provided that the assignee executes a deed of covenant in favour of the Company agreeing to be bound by the terms of the Convertible Securities Agreement and is a sophisticated or professional investor as defined under the Corporations Act.

(n) **Events of Default**

The Events of Default are detailed below.

If an Event of Default occurs and either:

- (i) it is not capable of being remedied;
- (ii) it continues unremedied for a period of 10 business days; or
- (iii) there has been two or more previous Events of Default,

and the Event of Default has not been expressly waived by Obsidian in writing then Obsidian may:

- (i) declare at any time by notice the Company that the amount outstanding and all other amounts payable by the Company to Obsidian are immediately due and payable;
- (ii) terminate the Convertible Securities Agreement; and/or
- (iii) exercise any other right, power or remedy granted to it under the Convertible Securities Agreement or at law.

If an unremedied Event of Default occurs, the Face Value of all outstanding Convertible notes will automatically increase by 10%.

Event of Default are (amongst others) the following:

- (i) The Company fails to repay the Redemption Amount in respect of the Convertible Notes to Obsidian in cash on the maturity date.
- (ii) The Company breaches or otherwise fails to comply in full with any of its material obligations under the Convertible Securities Agreement and/or the General Security Agreement (and does not cure that breach or failure within 5 business days of notice of it by Obsidian) or any event of default (however described) occurs under the Convertible Securities Agreement and/or the General Security Agreement.
- (iii) Any of the materials delivered or written statements made by the Company is inaccurate, false or misleading in any material respect (including by omission), as of the date on which it is made or delivered.
- (iv) The Company (and/or its subsidiaries) admits that it is, is declared by a court of competent jurisdiction to be, or is deemed under any applicable law to be, insolvent or unable to pay its debts as and when they become due.
- (v) The Company and/or its subsidiaries take action to reduce its capital or pass a resolution referred to in section 254N(1) of the Corporations Act.
- (vi) The Convertible Notes are not issued to Obsidian within 2 business days of the purchase date or Shares not issued to Obsidian within 2 business days of the date of lodgement of a cleansing prospectus.
- (vii) If ASX has determined that the Company has failed to comply with the Listing Rules in any material respect.
- (viii) A stop order, cessation of quotation, or removal of the Company or the Shares from the ASX Official List is requested by the Company or requested or imposed by any governmental authority, or the Shares are suspended from trading on ASX, after the execution date except for a suspension of trading not exceeding 10 trading days in a rolling twelve month period or as agreed by Obsidian.
- (ix) Any present or future liabilities, including contingent liabilities, of the Company and/or its subsidiaries for an amount or amounts totalling more than A\$250,000 are not satisfied on time, or become prematurely payable.
- (x) The Company or any of its subsidiaries is in default under a document or agreement (including a governmental authorisation) binding on it or its assets which has a material adverse effect.
- (xi) A material adverse effect occurs.

- (xii) The Company does not obtain Shareholder approval for the replacement of the Initial Convertible Notes.
- (xiii) The Company or any of its subsidiaries grants any security interest over any of its assets, or a security interest comes into existence over any assets of the Company or any of its subsidiaries (save for a permitted security), without the prior written consent of Obsidian.
- (xiv) Any event of default (however described) occurs under the General Security Agreement.

5. Additional information

5.1 Terms and Conditions of the Replacement Convertible Notes

The rights attaching to the Replacement Convertible Notes are detailed in the summary of the Convertible Securities Agreement detailed in Section 4.1. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the holders of the Replacement Convertible Notes.

5.2 Company is a disclosing entity

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules.

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office (see Section 5.3 below).

5.3 Copies of documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. The Company will provide free of charge to any person who requests it during the period of the issue, a copy of:

- (a) the Annual Report of the Company for the year ended 30 June 2018, being the last financial year for which an annual financial report has been lodged with ASIC in relation to the Company before the issue of this Prospectus; and
- (b) the following continuous disclosure notices given by the Company to notify ASX of information relating to the Company during the period from the date of lodgement of the Annual Report referred to in paragraph (a) and before the date of issue of this Prospectus, being as follows:

Date Lodged	Subject of Announcement
14 June 2019	Operational Update
13 June 2019	Appendix 3B
7 June 2019	Results of Meeting - Revised
7 June 2019	Results of Meeting
28 May 2019	Joint Company Secretary Appointment/Resignation
22 May 2019	Response to ASX Query
20 May 2019	Recording of Syntonic Q&A Webinar
17 May 2019	Syntonic May 2019 Q&A Webinar Presentation
10 May 2019	Appendix 3B
9 May 2019	Notice of General Meeting/Proxy Form
7 May 2019	ASX Query Letter and Response
7 May 2019	Syntonic Investor Q&A Webinar Fri 17 May, 11am AEST
30 April 2019	Quarterly Activities and Cashflow Report
24 April 2019	Appendix 3B
16 April 2019	Update on Bridge Alliance Agreement
10 April 2019	Change in substantial holding
10 April 2019	Initial Convertible Notes Issued & Appendix 3B

Date Lodged	Subject of Announcement
9 April 2019	Prospectus
9 April 2019	Change in Substantial Holding
9 April 2019	Syntonic Completes Placement and Appendix 3B
3 April 2019	Syntonic secures A\$5.36m to fund global growth
1 April 2019	Trading Halt
22 March 2019	mobifoneGo Launches in Vietnam Powered by Syntonic Platform
6 March 2019	Syntonic Enters Partnership with Bridge Alliance
1 March 2019	Half Yearly Report and Accounts
24 January 2019	Appendix 3B
24 January 2019	Quarterly Activities and Cashflow Report
16 January 2019	Recording of Syntonic Q&A Webinar
15 January 2019	Syntonic January 2019 Q&A Webinar Presentation
11 January 2019	Freeway Service to be Deployed in Vietnam
7 January 2019	Becoming a substantial holder
2 January 2019	Final Director's Interest Notice
2 January 2019	Board Change
24 December 2018	Prospectus
24 December 2018	Change in substantial holding
24 December 2018	Placement Complete - Operational Update and Appendix 3B
21 December 2018	Syntonic Investor Q&A Webinar Tue 15 January 2019, 11am AEDT
18 December 2018	Reinstatement to Official Quotation
18 December 2018	Syntonic closes Placement to Continue Global Expansion
17 December 2018	Voluntary Suspension
13 December 2018	Trading Halt
5 December 2018	Syntonic Investor Presentation
21 November 2018	Mobile Operator Progress Update
14 November 2018	Change of Director's Interest Notice x3
14 November 2018	Appendix 3B
1 November 2018	Results of Annual General Meeting
1 November 2018	AGM Presentation
22 October 2018	Quarterly Activities and Cashflow Report
16 October 2018	Appendix 3B
16 October 2018	Syntonic powers RoamFree released by Smart Communications
9 October 2018	Syntonic Investor Presentation
8 October 2018	Tata launches opari commerce platform powered by Syntonic
1 October 2018	Notice of Annual General Meeting/Proxy Form
31 August 2018	Appendix 4G and Corporate Governance Statement

The following documents are available for inspection throughout the application period of this Prospectus during normal business hours at the office of the Company at 945 Wellington Street, West Perth, Western Australia:

- (i) this Prospectus;
- (ii) the Constitution; and
- (iii) the consents referred to in Section 5.13 and the consents provided by the Directors to the issue of this Prospectus.

5.4 Information Excluded from Continuous Disclosure Notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules, and which is required to be included in this Prospectus.

5.5 Determination by ASIC

ASIC has not made a determination that would prevent the Company from relying on section 713 of the Corporations Act in issuing the Securities under this Prospectus.

5.6 Directors' Interests

Except as disclosed in this Prospectus, no Director and no firm in which a Director is a partner:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Securities offered under this Prospectus or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Securities offered under this Prospectus; or
- (b) has been paid or given or will be paid or given any amount or benefit to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Securities offered under this Prospectus.

5.7 Directors' Interests in Securities

Set out in the table are details of the Directors' relevant interests in the Securities at the date of this Prospectus:

Director	Shares
Gary Greenbaum	552,528,061
Rahul Agarwal	552,528,061
Steven Elfman	3,900,000
Nigel Hennessy	2,600,000

5.8 Directors' Remuneration

The remuneration of the Directors for the previous two financial years is as follows:

Director	Financial Year	Short term benefits	Post-employment benefits	Share-based payments	Total
Gary Greenbaum	2018	\$525,399	-	-	\$525,399
	2017	\$307,935	-	-	\$307,935
Rahul Agarwal	2018	\$542,235	-	-	\$542,235
	2017	\$307,935	-	-	\$307,935
Steven Elfman	2018	-	-	\$33,800	\$33,800
	2017	-	-	\$70,070	\$70,070
Nigel Hennessy	2018	-	-	\$33,800	\$33,800
	2017	-	-	-	-

5.9 Substantial Shareholders

Based on publicly available information, the following persons have voting power of above 5% or more in the Company:

Shareholder	Number of Shares Held	Share Held %
Lindfield Nominee Services Pty Ltd <Gary Greenbaum> Mr David Garry <Gary Greenbaum A/C>	552,528,061	16.80%
Lindfield Nominee Services Pty Ltd <Rahul Agarwal> Mr David Garry <Rahul Agarwal A/C>	552,528,061	16.80%
Mr Gavin Dunhill	254,000,000	7.72%

5.10 Related Party Transactions

At the date of this Prospectus, no material transactions with related parties and Directors interests exist that the Directors are aware of, other than those disclosed in this Prospectus.

Adroit Business Solutions, a company of which Mr Rahul Agarwal is a director and beneficial shareholder, has been engaged to provide product development services to the Company based on a monthly fee with no fixed term. Adroit Business Solutions will be paid a monthly fee of US\$88,000 for the provision of its services to the Company.

5.11 Interests of Named Persons

Except as disclosed in this Prospectus, no expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity:

- has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Replacement Notes Offer or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Replacement Notes Offer; or
- has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Replacement Notes Offer.

The Company's legal advisors will be paid fees of approximately A\$30,000 (plus GST).

5.12 Expenses of the Replacement Notes Offer

The estimated expenses of the Replacement Notes Offer are as follows:

	\$
ASIC lodgement fee	3,206
Costs of the Replacement Notes Offer	2,000
Total	5,206

5.13 Consents

DLA Piper Australia has given, and, as at the date hereof, has not withdrawn, its written consent to being named in this Prospectus as Australian solicitors to the Company. DLA Piper Australia has not authorised or caused the issue of this Prospectus or the making of the Replacement Notes Offer. DLA Piper Australia makes no representation regarding, and to the extent permitted by law excludes any responsibility for, any statements in or omissions from any part of this Prospectus.

The Share Registry has given, and, as at the date hereof, has not withdrawn, its written consent to being named in this Prospectus as the share registry to the Company. The Share Registry has not authorised or caused the issue of this Prospectus or the making of the Replacement Notes Offer. The Share Registry makes no representation regarding, and to the extent permitted by law excludes any responsibility for, any statements in or omissions from any part of this Prospectus.

Each of the Directors has given their written consent to being named in this Prospectus in the context in which they are named and have not withdrawn their consent prior to lodgement with ASIC of this Prospectus.

6. Authorisation

This Prospectus is authorised by each of the Directors. This Prospectus is signed for and on behalf of the Company by:

A handwritten signature in black ink, appearing to read 'Gary Greenbaum', written in a cursive style.

Dr Gary Greenbaum
Managing Director and CEO
14 June 2019

7. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

Acceptance means a valid application for Shares made pursuant to this Prospectus on an Application Form.

Applicant means a person who submits an Application Form.

Application Form means the application form provided by the Company with a copy of this Prospectus.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691.

ASX Settlement means ASX Settlement Pty Limited ACN 008 504 532.

Board means the board of Directors.

Chairman means chairman of the Board.

CHESS means ASX Clearing House Electronic Subregister System.

Closing Date means the closing date of the Replacement Notes Offer as specified in the Indicative Timetable and Section 1.4 as varied from time to time.

Company or **Syntonic** means Syntonic Limited ACN 123 867 765.

Constitution means the constitution of the Company.

Convertible Notes means the Convertible Notes offered pursuant to the Convertible Notes Offer with the terms and conditions detailed in Section 4.1.

Convertible Notes Offer Application Form means application form attached to, or accompanying this Prospectus, to be used for the purposes of applying for Convertible Notes.

Convertible Securities Agreement has the meaning given in Section 1.1.

Corporations Act means Corporations Act 2001 (Cth).

Director means a director of the Company.

Event of Default has the meaning given in Section 4.1.

Face Value has the meaning given in Section 4.1.

Fixed Conversion Price has the meaning given in Section 4.1.

General Security Agreement has the meaning given in Section 4.1.

Initial Convertible Notes has the meaning given in Section 1.1.

Issuer Sponsored means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

Lesser Price has the meaning given in Section 4.1.

Listing Rules means the Listing Rules of ASX.

Maximum Cap has the meaning given in Section 4.1.

Obsidian has the meaning given in Section 1.1.

Option means the right to acquire one Share in the capital of the Company.

Purchase Price has the meaning given in Section 4.1.

Prospectus means this prospectus dated 14 June 2019.

Redemption Amount has the meaning given in Section 4.1.

Replacement Convertible Notes has the meaning given in Section 1.1.

Replacement Notes Offer has the meaning given in Section 1.2.

Section means a section of this Prospectus.

Securities mean any equity securities issued or granted by the Company, including the Replacement Convertible Notes.

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

Share Registry means Computershare Investor Services Pty Ltd.

Shareholder means a holder of Shares.

Syntonic Technology has the meaning given to that term in Section 3.1.

US\$ means United States dollar.

VWAP means volume weighted average price.

WST means Australian Western Standard Time.

