

STEMIFY LIMITED

ACN 009 256 535

PROSPECTUS

For the offer of 1,000 Shares each at an issue price of 2 cents per Share on a post Consolidation basis.

THIS PROSPECTUS IS BEING ISSUED UNDER SECTION 708A(11) OF THE CORPORATIONS ACT FOR THE PURPOSE OF FACILITATING SECONDARY TRADING OF THE PLACEMENT SHARES, CONVERSION SHARES AND CREDITOR SHARES

THIS OFFER CLOSSES AT 5.00PM AEST ON WEDNESDAY, 21 AUGUST 2019

VALID APPLICATIONS MUST BE RECEIVED BEFORE THAT TIME.

Please read the instructions in this Prospectus and on the accompanying Application Form prior to applying for Shares under the Offer.

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

THE SHARES OFFERED BY 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

This Prospectus is dated 16 August 2019. A copy of the Prospectus was lodged with ASIC on that date. ASIC and ASX take no responsibility for the contents of this Prospectus. No Shares 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 registered office of the Company at Level 5, 126 Phillip Street, Sydney, NSW 2000 during normal business hours. The Company will also provide copies of other documents on request (see Section 4.3).

The Company will apply to ASX within 7 days of the date of this Prospectus for Official Quotation by ASX of the Shares offered by this Prospectus.

Applications for Shares will only be accepted on an Application Form which is attached to, or provided by the Company with a copy of this Prospectus. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is accompanied by a complete and unaltered copy of this Prospectus.

The Company is a disclosing entity listed on the ASX and this Prospectus is issued under section 713 of the Corporations Act 2001 (Cth) in reliance on information previously disclosed to the ASX by the Company. It does not contain, by itself, all information that would be contained in a prospectus for an initial public offering or all information relevant to a decision to invest in the Company.

No person is authorised to give any information or to make any representation in connection with the Offer which 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 Offer.

No action has been taken to permit the Offer of Shares under this Prospectus in any jurisdiction other than Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law 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 Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

This document is important and should be read in its entirety before deciding to participate in the Offer. This 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, and considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Applicant should consult his/her stockbroker, solicitor, accountant or other professional adviser without delay. The Shares offered by this Prospectus should be considered speculative. Please refer to Section 2 for details relating to investment risks.

By returning an Application Form, you acknowledge that you have received and read this Prospectus and you have acted in accordance with the terms of the Offer detailed in this Prospectus.

Definitions of certain terms used in this Prospectus are contained in Section 6. All references to currency are to Australian dollars and all references to time are to AEST, unless otherwise indicated.

CORPORATE DIRECTORY

Directors

Mr Ryan Legudi
Mr Tim Grice
Mr Braydon Moreno (resigning)
Mr Jonathan Pearce (proposed director)

Share Registry*

Advanced Share Registry Limited
110 Stirling Highway
Nedlands WA 6009

Telephone: +61 (0)8 9389 8033
Facsimile: +61 (0)8 9262 3723

Company Secretary

Ms Maggie Niewidok
Telephone: +61 (0)2 8072 1467

Registered Office

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SYDNEY NSW 2000
Telephone: +61 (0)2 8072 1400
Facsimile: +61 (0)2 8583 3040

ASX Code: SF1

Website: www.stemify.com.au

*This entity has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus. Its name is included for information purposes only.

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1. Details of the Offer

1.1 The Offer

The Company is offering pursuant to this Prospectus 1,000 Shares each at an issue price of 2 cents per Share on a post Consolidation basis (**Offer**).

There is no minimum amount sought to be raised by the Offer. There is no provision for oversubscriptions.

The Offer is not underwritten.

Refer to Section 4.1 for a summary of the rights attaching to the Shares.

1.2 Purpose of the Offer

On 6 June 2019, the Company announced that it was undertaking various activities including:

Consolidation

- (a) a consolidation of its issued capital on a one (1) for forty-five (45) basis (**Consolidation**) to reduce the number of Shares on issue from 558,868,914 Shares to approximately 12,420,960 Shares (prior to the issue of the Placement Shares, Conversion Shares and Creditor Shares as defined below);

Placement

- (b) a placement of 87,500,000 Shares with the ability to accept oversubscriptions of up to 25,000,000 Shares (**Placement Shares**) each at an issue price of 2 cents per Share on a post Consolidation basis to raise placement funds of \$1,750,000 (before costs) and an additional \$500,000 in oversubscriptions (**Placement**). The Company is proposing to raise the maximum through the issue of 112,500,000 Shares to raise \$2.250,000 (before costs);

Conversion of debt

- (c) repaying all monies owed its creditor and lender, Denlin Nominees and any of its associates (**Conversion Liabilities**), which at the date of this prospectus is the amount of \$1,369,719, by converting the amount of the Conversion Liabilities to Shares up to a maximum of 25,000,000 Shares each at a deemed price of 2 cents per Share on a post Consolidation basis (**Conversion Shares**). The Conversion Shares will be issued to Denlin Nominees together with 12,500,000 Tranche 1 Conversion Options, 12,500,000 Tranche 2 Conversion Options and 12,500,000 Tranche 3 Conversion Options on a post Consolidation basis (together the Conversion Shares and the Conversion Options are the **Conversion Securities**); and
- (d) renegotiating historical settlement agreements with its existing creditors to include conversion of up to \$50,000 in existing debt to Shares up to a maximum of 2,500,000 Shares each at a deemed price of 2 cents per Share on a post Consolidation basis (**Creditor Shares**). 2,000,000 of the Creditor Shares will be issued to existing creditors of the Company (or their nominees), with the remaining 500,000 Creditor Shares available to be issued.

The Company and Denlin Nominees have agreed that the issue of the Conversion Securities will be in full and final settlement of the Conversion Liabilities and all security given by the Company in respect of the Conversion Liabilities will be released.

On 30 July 2019, a General Meeting of the Company's Shareholders was held and Shareholders granted approval for:

- (a) the Consolidation; and
- (b) the issue of the Placement Shares, Conversion Securities and Creditor Shares.

This Prospectus has been issued to facilitate secondary trading of the Placement Shares, Conversion Shares and Creditor Shares issued without disclosure to investors under Part 6D.2 of the Corporations Act. A prospectus is required under the Corporations Act to enable persons who were issued Placement Shares, Conversion Shares or Creditor Shares to on-sell those Shares within 12 months of their issue. The Company did not issue the Placement Shares, Conversion Shares or Creditor Shares with the purpose of the persons to whom they were issued selling or transferring their Shares, or granting, issuing or transferring interests in those Shares within 12 months of the issue but this Prospectus provides them the ability to do so should they wish.

Accordingly, the purpose of this Prospectus is to:

- (c) make the Offer; and
- (d) ensure that the on-sale of the Placement Shares, Conversion Share or Creditor Shares does not breach Section 707(3) of the Corporations Act by relying on the exemption to the secondary trading provisions in Section 708A(11) of the Corporations Act.

1.3 Opening and Closing Dates

The Company will accept Application Forms until 5.00pm AEST on the Closing Date, being Wednesday, 21 August 2019, or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules.

1.4 Application for Shares

If you wish to subscribe for Shares pursuant to the Offer, you should complete and return the Application Form, which will be provided with a copy of this Prospectus by the Company at the Board's discretion, in accordance with the instructions in the Application Form. Completed Application Forms and Application Monies must be received by the Company prior to 5.00pm AEST on the Closing Date. Cheques must be made payable to "Stemify Limited – Application Funds Account" and crossed "Not Negotiable". All cheques must be in Australian currency. Application Forms should be mailed or delivered to Stemify Limited, Level 5, 126 Phillip Street, SYDNEY NSW 2000.

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 Shares accepted by the Company. The Application Form does not need to be signed to be a binding Application for Shares.

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

1.5 Application Monies

All Application Monies received for the Shares will be held in trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the Shares are issued. All Application Monies will be returned (without interest) if the Shares are not issued.

1.6 Issue of Shares

The Company may issue the Shares progressively as Applications are received and in any event, will issue all Shares as soon as possible after the Closing Date.

Shareholder statements will be dispatched as soon as possible after the issue of the Shares.

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

1.7 ASX quotation

Application will be made to ASX no later than 7 days after the date of this Prospectus for the Official Quotation of the Shares offered under the Offer. If permission is not granted by ASX for the Official Quotation of the Shares offered by this Prospectus within 3 months after the date of this Prospectus (or such period as ASX allows), the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus.

1.8 CHESS

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

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

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

The CHESS statement will set out the number of Shares 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 Shares.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by Advanced Share Registry Limited and will contain the number of Shares 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.

1.9 Residents outside Australia

This Prospectus, and the accompanying Application Form, do not, and are not intended to, constitute an offer of Shares 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 Shares. 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.

1.10 Risk factors

An investment in Shares 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 in Section 2.

1.11 Taxation implications

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

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

1.12 Major activities and financial information

A summary of the major 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 28 September 2018 and is available at www.asx.com.au.

A summary of activities relating to the Company for the half year ended 31 December 2018 is in the Half Year Financial Report, lodged with the ASX on 1 March 2019.

The Company's continuous disclosure notices (i.e. ASX announcements) since lodgement of the Company's Annual Report on 28 September 2018 are listed in Section 4.3.

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

1.13 Enquiries concerning Prospectus

Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone on +61 (0)2 8072 1467.

1.14 Privacy

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

By submitting an 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 Application.

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

2. Risk Factors

Activities in the Company and its controlled entities, as in any business, are subject to risks, which may impact on the Company's future performance. The Company and its controlled entities have implemented appropriate strategies, actions, systems and safeguards for known risks, however, some are outside its control.

The Directors consider that the following summary, which is not exhaustive, represents some of the major risk factors which Shareholders need to be aware of in evaluating the Company's business and risks of increasing your investment in the Company. Shareholders should carefully consider the following factors in addition to the other information presented in this Prospectus.

The principal risks include, but are not limited to, the following:

2.1 Specific Risks associated with the Company

(a) Commercialisation Risk

The Company is commercialising its products through the sale of 3D printers, hardware, and K-12 education curriculum delivered as software-as-a-service to the education industry. The Company has shifted its focus towards the education industry in recent times, therefore there is a risk that the Company will not attract sufficient sales volume via its sales channels.

(b) 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 will undertake all reasonable due diligence in its business decisions and operations, the Company will have 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 business. For instance, FDM printing technology underpins the Company's printer models, however competing technologies including but not limited to SLA, DLP and SLS could overtake the advancements made by the Company's products. Due to the differences in the capabilities of the different printing technologies, it may be that no single technology will become dominant in the market.

In addition, the K-12 curriculum market is highly fragmented and very competitive which may impact the Company's ability to deliver revenue growth and gross margins, which may adversely affect the Company's profitability.

(c) Financing and funding risk

The Company's ability to effectively implement its business and operational plans in the future depends on the Company's ability to raise additional funds in the future and generate revenue from the sale of its products. As announced on 6 June 2019 the Company has received firm commitments for the Placement which will raise a minimum of \$1,750,000 (before costs) with the ability for the Company to accept oversubscriptions to raise an additional \$500,000.

The Company expects to continue receiving revenue from the sales of its products which will assist the Company with working capital management. Failure to receive revenue consistent with the Company's expectations may also cause a working capital deficiency for the Company. There can be no guarantees that the Company will remain adequately funded through revenue generation and future raisings.

Failure to obtain sufficient financing for the Company's activities, including to fulfil orders received for the Company's products to date, may result in lost business and business opportunities and affect the Company's ability to continue as a going concern. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders. Loan agreements and other debt financing agreements entered into by the Company may contain covenants, undertakings and other provisions which, if breached, may entitle lenders to accelerate repayment of the loans and there is no assurance that the Company would be able to repay such loans in the event of an acceleration. Enforcement of any security granted by the Company on default could also result in the loss of assets.

(d) Research and collaboration agreements

The Company is likely to require the use of both internal and external expertise to improve, upgrade and refine the user experience for 3D printer users. In addition, the Company may from time to time rely on 3rd party development of 3D printer hardware, software, and K-12 curriculum. The Company will need to carefully manage the issue of background intellectual property rights and any sharing of intellectual property as a result of R&D collaborations.

(e) Specific reputational risks

The Company operates in a fast-changing environment, and negative publicity can spread quickly, whether true or false. Negative comments by disgruntled customers about the Company may have a disproportionate effect on the Company's reputation and its ability to earn revenues and profits. Additionally, complaints by such customers can lead to additional regulatory scrutiny and a consequential increase compliance burden in responding to regulatory inquiries. This could negatively impact on the Company's profitability.

(f) Reliance on key personnel

The recent restructuring of the Company has resulted in a reduced headcount of operational staff in the USA, as a result the Company is heavily reliant on key management personnel. Although the Company has entered into employment agreements with its key employees including director, Ryan Legudi there is no assurance that such contracts will not be terminated or will be renewed on the expiry of their term. If such contracts were terminated or breached, or if the relevant employees were no longer to continue in their current roles, the Company would need to employ alternative staff, and the Company's operations and business could be adversely affected.

(g) Employee and officer claims

The Company may be exposed to claims by former and current employees and directors for payment of outstanding remuneration, bonuses, reimbursement of costs and other claims in respect of guarantees provided for the benefit of the Company. As a result, the Company may have to expend significant financial and managerial resources to defend such claims. If a successful claim is made against the Company, its reputation may be negatively impacted, which could adversely affect its ability to attract and retain quality employees and may also adversely impact its financial condition.

(h) Customer service risk

Customers may need to engage with the Company's customer service personnel in certain circumstances. For instance, if a customer has a question about the services or products provided by the Company, or if there is a dispute between a customer and the Company. The Company needs to recruit and retain staff with interpersonal skills sufficient to respond appropriately to customer services requests. Poor customer

service experiences may result in the loss of customers. If the Company loses key customer service personnel, or fails to provide adequate training and resources for customer service personnel, this could lead to adverse publicity, litigation, regulatory inquiries and/or a decrease in customers, all of which may negatively impact on the Company's revenue.

(i) Risks associated with the regulatory environment

The Company's operating entities are based in the USA and are subject to the laws and regulations of the USA. The Company's operations may become subject to regulatory requirements, such as licensing and reporting obligations or increases in government taxes and duties, which would increase the costs and resources associated with its regulatory compliance. Any such increase in the costs and resources associated with regulatory compliance, could impact upon the Company's profitability. In addition, if regulators took the view that the Company had failed to comply with regulatory requirements, this could lead to enforcement action resulting in public warnings, infringement notices or the imposition of a pecuniary penalty. This could lead to significant reputational damage to the Company and a consequent impact upon its revenue.

(j) Supplier Risk

The Company currently utilises a single contract manufacturer in China operating under a non-exclusive manufacturing agreement for the assembly of its E3 3D printer following the decision to cease production of the Robo R1+, Robo C2, and Robo R2. If the Company's relationship with this supplier were to terminate or the manufacturing arrangements were to be disrupted, the Company's business could be adversely affected. All components and other consumables that are used in the production of 3D printer hardware are sourced from this supplier and therefore the Company's reliance creates a number of risks, including:

- potential shortages of some key components or consumables;
- printed material performance or quality shortfalls, if traceable to particular consumables or other components, since the supplier of the faulty consumable or component cannot readily be replaced;
- discontinuation of a consumable or other components on which the Company relies;
- potential insolvency of the supplier; and
- reduced control over delivery schedules, manufacturing capabilities, quality and costs.

If certain suppliers were to decide to discontinue production, or the supply , of a consumable or other component that the Company uses, the unanticipated change in the availability of supplies, or unanticipated supply limitations, could cause delays in, or loss of, sales, increased production or related costs and, consequently, reduced margins, and damage to the Company's reputation. In addition, because the Company uses a limited number of suppliers, increases in the prices charged by our suppliers may have an adverse effect on the Company's results of operations, as it may be unable to find a supplier who can supply at a lower price. As a result, the loss of a limited source supplier could adversely affect the Company's relationships with its customers and its results of operations and financial condition.

In addition, the Company sources its K-12 MyStemKits curriculum under a license agreement from Florida State University. The license agreement was executed on 25 August 2018 and runs for an initial term of 5 years with additional automatic 5 year renewal terms at the option of the Company. There are certain obligations under the license agreement that are required by the Company to ensure it remains in good standing, including reporting and payment obligations.

(k) Outsourcing Risk

The Company outsources to consultants for expert advice and contractors for research and development, marketing support, customer service support, quality control services, manufacturing, engineering and design and other services. There is no guarantee that such experts or organisations will be available as required or will meet expectations.

(l) Liability claims

The Company may be exposed to liability claims if its services are provided in fault and/or cause harm to its customers. As a result, the Company may have to expend significant financial and managerial resources to defend such claims. If a successful claim is made against the Company, it may be fined or sanctioned and its reputation and brand may be negatively impacted, which could adversely affect its business prospects, financial condition and results of operation.

(m) Insurance coverage

The Company faces various risks in connection with its business and may lack adequate insurance coverage or may not have the relevant insurance coverage. The Company maintains insurance coverage for its employees (as required by law in the USA), and general liability insurance up to USD \$5,000,000. However, the Company may still incur substantial losses or liabilities if its insurance coverage is unavailable or inadequate to cover such losses or liabilities, which may adversely affect its financial position.

(n) Acquisition and integration risks

The Company may engage in acquisitions or investments that could disrupt its business, cause dilution to shareholders and harm its financial condition and results of operations. In connection with these acquisitions or investments, we may:

- issue forms of equity that would dilute existing shareholders' percentage of ownership;
- incur debt and assume liabilities; and/or
- incur amortisation expenses related to intangible assets or incur large and immediate write-offs.

If the Company completes an acquisition or investment, it cannot be guaranteed that it will ultimately strengthen the Company's competitive position or that it will be viewed positively by customers, suppliers, employees, financial markets or investors. Furthermore, future acquisitions or investments could pose numerous additional risks to operations, including:

- problems integrating the purchased business, products, services or technologies;
- challenges in achieving strategic objectives, cost savings and other anticipated benefits;
- increases to expenses;
- the assumption of significant liabilities that exceed the limitations of any applicable indemnification provisions or the financial resources of any indemnifying party;
- inability to maintain relationships with key customers, vendors and other business partners of current or acquired businesses;
- diversion of management's attention from their day-to-day responsibilities;

- difficulty in maintaining controls, procedures and policies during the transition and integration;
- entrance into marketplaces where the Company has no or limited prior experience and where competitors have stronger marketplace positions;
- potential loss of key employees; and
- historical financial information may no longer be representative or indicative of results as a combined company.

Alternatively, while certain acquisitions or investments may be of strategic importance for the execution of the Company's business plan, it may not ultimately be able to complete such acquisitions or investments on favourable terms, or at all, which may in turn materially affect our ability to grow or even cause loss of market share, and could have a material adverse effect on the Company's business, financial condition and results of operations.

(o) Technology Rights and Protection of Rights

Securing rights to technologies, and in particular patents, is an integral part of securing potential product value in the outcomes of technology research and development, together with the protection and maintenance of existing rights and patents. Competition in retaining and sustaining protection of technologies and the complex nature of technologies can lead to expensive and lengthy disputes for which there can be no guaranteed outcome.

The granting of a patent does not guarantee that the rights of others are not infringed or that competitors will not develop competing technologies that circumvents such patents. Because the patent position of technology companies can be highly uncertain and frequently involve complex legal and scientific evaluation, neither the breadth of claims allowed in technology patents nor their enforceability can be predicted. There can be no assurance that any patents that the Company may own or control now and in the future will afford the Company commercially significant protection of the technologies, or that any of the projects that may arise from the technologies will have commercial applications.

Although the Company is not aware of any material third party interest in relation to the rights to the Company's technologies, and has taken steps to protect and confirm its interest in these rights, there is always a risk of third parties claiming involvement in technological discoveries, and if any disputes arise, they could adversely affect the Company.

Although the Company will implement all reasonable endeavours to protect its technologies, there can be no assurance that these measures have been, or will be sufficient. Furthermore, the Company has a patent pending (i.e. an application for a patent has been made but the patent has not yet been granted). There is no guarantee that the applications for the patent will be successful, not any future applications for patents.

(p) Liquidation of Robo 3D Inc.

The Company's US-based subsidiary Robo 3D Inc. recently commenced an ABC process under US law pursuant to which all assets of Robo 3D Inc. were transferred to Robo 3D (ABC) LLC as Assignee for the Benefit of Creditors (**ABC process**). Under the ABC process, all assets of Robo 3D Inc. will be sold and the proceeds distributed to creditors before Robo 3D Inc. is dissolved. Given that it is unlikely that creditors of Robo 3D Inc. will receive 100 cents in the dollar, such creditors may seek to recover amounts from the Company or its other subsidiaries via a claim seeking to pierce the corporate veil of Robo 3D Inc. or to challenge the bonafides of the ABC process. Whilst the Company does not believe such claim is likely, or likely to be successful, such a claim

could be made and could result in costly administrative or legal proceedings which may negatively impact the Company's financial condition.

2.2 General Risks

(a) General economic climate

Factors such as inflation, currency fluctuation, interest rates and supply and demand have an impact on operating costs, and stock market prices. The Company's future revenues and Securities price may be affected by these factors, which are beyond the Company's control.

(b) Future Capital Needs and Additional Funding

Further funding may be required by the Company to support its ongoing activities and operations. There can be no assurance that such funding will be available on satisfactory terms or at all. Any inability to obtain funding will adversely affect the business and financial condition of the Company and consequently its performance.

(c) Changes in legislation and government regulation

Government legislation in Australia, the USA or any other relevant jurisdiction, including changes to the taxation system, may affect future earnings and relative attractiveness of investing in the Company. Changes in government policy or statutory changes may affect the Company and the attractiveness of an investment in it.

(d) Global credit and investment market

Global credit, commodity and investment markets have recently experienced a high degree of uncertainty and volatility. The factors which have led to this situation have been outside the control of the Company and may continue for some time resulting in continued volatility and uncertainty in world stock markets (including the ASX). This may impact the price at which the Company's Shares trade regardless of operating performance, and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

(e) Exchange rate risk

If the Australian dollar falls in relation to the exchange rate where the product or service is sourced from, then since the Company's financial statements are prepared in Australian dollars, this may impact its performance and position.

(f) Unforeseen risk

There may be other risks which the Directors are unaware of at the time of issuing this Prospectus which may impact on the Company, its operation and/or the valuation and performance of the Company's Shares.

(g) Combination of risks

The Company may not be subject to a single risk. A combination of risks, including any of the risks outlines in this Section could affect the performance valuation, financial performance and prospects of the Company.

(h) Unforeseen expenditure risk

Expenditure may need to be incurred that has not been taken into account in the preparation of this Prospectus. Although the Company is not aware of any additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

- (i) Sharemarket conditions

The market price of the Company's Securities may be subject to varied and unpredictable influences on the market for equities.

2.3 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 the Shares offered under this Prospectus. Therefore, the Shares 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 Shares. Potential investors should consider that the investment in the Company is speculative and should consult their professional adviser before deciding whether to apply for Shares pursuant to this Prospectus.

3. Effect of the Offer

3.1 Capital Structure on completion of the Offer

Capital Structure ⁽¹⁾	Shares	Unlisted Options	Performance Rights
Balance at date of Prospectus (set out on pre Consolidation basis)	558,868,914	36,766,387	35,249,720
Balance at date of Prospectus (set out on post Consolidation basis)	12,420,960	817,042	783,350
Placement (maximum raise)	112,500,000	30,000,000 ⁽²⁾	-
Conversion Securities	25,000,000	37,500,000 ⁽³⁾	-
Creditor Shares	2,000,000	-	-
Offer Shares	1,000	-	-
Balance post Placement (maximum raise) and debt conversions	151,921,960	68,317,042	783,350

Notes:

- (1) Subject to rounding on Consolidation. The Placement Shares, Advisor Options, Conversion Securities and Creditor Shares are set out on a post Consolidation basis. Consolidation effective as of 1 August 2019.
- (2) Advisor Options exercisable at \$0.025 (2.5 cents) and expiring on 31 December 2022.
- (3) Conversion Options issued to Denlin Nominees comprising:
 - (i) 12,500,000 Tranche 1 Conversion Options exercisable at \$0.05 (5 cents) and expiring on 30 June 2023;
 - (ii) 12,500,000 Tranche 2 Conversion Options vesting upon the Company's share price reaching a 5-day VWAP of \$0.075 (7.5 cents) exercisable at \$0.05 (5 cents) and expiring on 30 June 2023; and
 - (iii) 12,500,000 Tranche 3 Conversion Options vesting upon the Company's share price reaching a 5-day VWAP of \$0.10 (10 cents) exercisable at \$0.05 (5 cents) and expiring on 30 June 2023.

3.2 Pro forma statement of financial position

Overview

This Section 3.2 sets out the financial information for the Group, which includes:

- **Statutory Historical Financial Information**, being the:
 - statutory consolidated balance sheet as at 31 December 2018.
- **Pro Forma Historical Financial Information**, being:
 - Pro forma consolidated balance sheet as at 31 May 2019.

The Statutory Historical Financial Information and the Pro Forma Historical Financial Information are collectively referred to as the **Financial Information**.

The Group has a 30 June financial year end. As such, any references in this Section 3.2 to “FY” refers to a 30 June financial year end and “1H” refers to the six months to 31 December of the respective financial year.

Also summarised in this Section 3.2 are:

- the basis of preparation and presentation of the Financial Information; and
- Pro-forma adjustments.

Significant accounting policies are disclosed in the Interim Financial Report for the 6 months ended 31 December 2018 released to the ASX on 1 March 2019.

The Financial Information was prepared by the Directors, and has not been reviewed nor reported on in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Fundraising and/or Prospective Financial Information.

The information in this Section 3.2 should also be read in conjunction with the risk factors set out in Section 2 and other information contained in this Prospectus.

All amounts disclosed in this Section 3.2 are presented in Australian dollars, and unless otherwise noted, are rounded to the nearest \$1.

Financial Information

	Interim Financial Report 31 December 2018 (Balance Sheet)	Unaudited Management Accounts - Consolidated Balance Sheet (Excluding Robo 3D Inc.) 31 May 2019	Proforma Balance Sheet (minimal capital raised) 31 May 2019	Proforma Balance Sheet (maximum capital raised) 31 May 2019
Current Assets				
Cash and Cash Equivalents	384,488	46,001	1,340,285	1,810,285
Accounts Receivable	35,676	360,570	360,570	360,570
Inventory	310,418	-	-	-
Other current assets	114,108	83,957	83,957	83,957

Total current assets	844,690	490,528	1,784,812	2,254,812
Non-Current Assets				
Property, plant and equipment	582,874	7,714	7,714	7,714
Accumulated Depreciation	(539,571)	(4,713)	(4,713)	(4,713)
Goodwill	2,342,569	2,342,569	2,342,569	2,342,569
Intangible assets - Software	1,224,512	3,164	89,919	89,919
Accumulated Amortization	(1,149,576)	-	-	-
Total non-current assets	2,460,808	2,348,734	2,435,489	2,435,489
Total Assets	3,305,498	2,839,261	4,220,301	4,690,301
Current Liabilities				
Trade and other payables (Note 1)	2,215,614	785,912	376,209	376,209
Borrowings	880,980	1,190,565	36,148	36,148
Employee benefits	203,007	64,480	64,480	64,480
Provisions	85,862	-	-	-
Other financial liabilities	-	27,387	27,387	27,387
Deferred Revenue	118,933	100,740	100,740	100,740
Total current liabilities	3,504,395	2,169,084	604,964	604,964
Non-current liabilities				
Borrowings	1,753	-	-	-
Total non-current liabilities	1,753	-	-	-
Total Liabilities	3,506,148	2,169,084	604,964	604,964
Net Assets/(Liabilities)	(200,650)	670,177	3,615,337	4,085,337
Equity				
Issued Capital	27,096,917	27,096,917	28,914,120	29,384,120
Reserves	2,110,977	2,176,413	2,552,854	2,552,854
Accumulated losses	(29,408,544)	(28,603,153)	(27,851,637)	(27,851,637)
Total Equity	(200,650)	670,177	3,615,337	4,085,337

Basis of Preparation

The Directors of The Company are responsible for the preparation and presentation of the Financial Information.

The above pro forma statement of financial position has been prepared in accordance with the ASIC Regulatory Guide 230 to Disclosing non-IFRS Financial Information (issued December 2011).

The pro forma statement of financial position has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The pro forma statement of financial position has been prepared using accounts which will be audited. The audited financial report is likely to contain an unmodified audit report with a material uncertainty paragraph relating to the consolidated entity's ability to continue as a going concern.

The Report on the Half-Year Financial Report in respect of the Interim Financial Report for the 6 months ended 31 December 2018 released to the ASX on 1 March 2019 contained a Qualified Conclusion. The basis for qualified conclusion continues to be relevant to the Financial Information.

The pro forma statement of financial position is based on an abbreviated form insofar as it does not include all the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act and has then been adjusted to reflect the following material transactions:

Pro-forma Adjustments

1. Issue of 1,000 Shares each at 2 cents per Share on a post Consolidation basis to raise \$20 (before costs of the Offer as outlined in Section 4.8).
2. Issue of 87,500,000 Placement Shares (excluding oversubscriptions) each at a price of 2 cents per Placement Share on a post Consolidation basis to raise \$1,750,000 less estimated costs of the offer of \$175,000 comprising \$105,000 (being a 6% fee on the amount raised under the Placement) and other costs of \$70,000.
3. Issue of 25,000,000 Placement Shares in oversubscriptions to the Placement each at a 2 cents per Placement Share on a post Consolidation basis to raise a further \$500,000 with additional costs of \$30,000 (being a 6% fee on the further amount raised) to those outlined in item 2 above.
4. Issue of 25,000,000 Conversion Shares in conversion of the amount of the Conversion Liabilities at a deemed price of 2 cents per Conversion Share on a post Consolidation basis in full and final satisfaction of the Conversion Liabilities (as announced to the market on 6 June 2019) to reduce the Company's liabilities in respect of the Conversion Liabilities, calculated as at 31 May 2019, comprising:
 - (i) \$980,265 owed under the secured loan comprising \$849,420 in principal and \$130,845 in interest.
 - (ii) \$210,300 owed under the unsecured bridging loan;
 - (iii) \$129,203 owed under other unsecured creditor positions of Denlin Nominees and its associates, including establishment fees and other expenses; and
5. Issue of 37,500,000 Conversion Options on a post Consolidation basis with an exercise price of \$0.05 (5 cents) and expiry on or before 30 June 2023, vesting as follows:
 - 12,500,000 Tranche 1 Conversion Option vesting immediately (assumed 31 May 2019);
 - Remaining 12,500,000 Tranche 2 Conversion Options and 12,500,000 Tranche 3 Conversion Options are not vested as at 31 May 2019. The Tranche 2 Conversion Options will vest upon the Company's share price reaching a 5-day VWAP of 7.5 cents and the Tranche 3 Conversion Options will vest upon the Company's share price reaching a 5-day VWAP of 10 cents.

In valuing the Tranche 1 Conversion Options, the following assumptions have been applied to the Black-Scholes Option Pricing Model (with dividends):

- Current stock price of \$0.02 (2 cents) on a post Consolidation basis;
- Exercise price of \$0.05 (5 cents) on a post Consolidation basis;

- Risk free interest rate of 1.21%;
 - Expected life of option being 4.08 years, being from 31 May 2019 to 30 June 2023;
 - Volatility of 75%; and
 - Dividend yield of 0%.
6. Issue of 30,000,000 Advisor Options on a post Consolidation basis, with an exercise price of \$0.025 (2.5 cents) and expiry on or before 30 June 2023, vesting immediately (assumed 31 May 2019) on successful completion of Placement.

In valuing the Adviser Options, the following assumptions have been applied to the Black-Scholes Option Pricing Model (with dividends):

- Current stock price of \$0.02 (2 cents) on a post Consolidation basis;
 - Exercise price of \$0.025 (2.5 cents) on a post Consolidation basis;
 - Risk free interest rate of 1.21%;
 - Expected life of option being 3.59 years, being from 31 May 2019 to 31 December 2022;
 - Volatility of 75%; and
 - Dividend yield of 0%.
7. Issue of 2,000,000 Creditor Shares in conversion of existing debt of \$40,000 at a deemed price of 2 cents per Creditor Share on a post Consolidation basis to reduce the Company's debt to historical creditor liabilities in the amount of \$40,000.

It has been assumed that historical creditors totalling \$110,500 have been settled through the following process:

- | | |
|---------------------------------|-------------------------------------|
| • Payment in cash | \$50,000 |
| • Payment in Creditor Shares | \$40,000 (out of approved \$50,000) |
| • Write off of creditor balance | \$20,500 |

8. Payments in settlement to historical creditors of the Company of up to \$220,000 from proceeds raised under the Placement including the payment of \$50,000 noted in item 7 above.
9. Acquisition of certain assets of Robo 3D Inc. for US\$60,000, with the consideration payments reflected as follows:
- Payment in cash upfront (assumed as at 31 May 2019): US\$35,000; and
 - Vendor finance of US\$25,000, with payment due January 2020.

In terms of the exchange rate conversion, this has been based on the rate as at 31 May 2019, being 0.6916

10. It is assumed that there is no exposure in the proforma balance sheet for any deficiency of net assets of the Company's former US-based subsidiary, Robo 3D Inc., which has entered into a private sale process under US law pursuant to which its assets will be liquidated and the subsidiary dissolved.

3.3 Market price of Shares

The last available market sale price of Shares on ASX prior to the date of this Prospectus was \$0.003 (0.3 of a cent) per Share (pre Consolidation) on 27 March 2019 when the Company was suspended pending completion of the Placement and conversion of debt.

3.4 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.

4. Additional information

4.1 Rights attaching to Shares

A summary of the rights attaching to Shares in the Company is set out below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution will be provided by the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in specific circumstances, the Shareholder should seek legal advice.

(a) Voting

At a general meeting, on a show of hands every Shareholder present in person has one vote. At the taking of a poll, every Shareholder present in person or by proxy and whose Shares are fully paid has one vote for each of his or her Shares. On a poll, the holder of a partly paid share has a fraction of a vote with respect to the Share. The fraction is equivalent to the proportion which the amount paid (not credited) bears to the total amount paid and payable (excluding amounts credited).

(b) General Meetings

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, financial statements and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the Listing Rules.

(c) Dividends

The Directors may pay to Shareholders any interim and final dividends as, in the Directors' judgement, the financial position of the Company justifies. The Directors may fix the amount, the record date for determining eligibility and the method of payment. All dividends must be paid to the Shareholders in proportion to the number of, and the amount paid on (no credited), the Shares held.

(d) Transfer of Shares

Generally, all Shares in the Company are freely transferable subject to the procedural requirements of the Constitution, and to the provisions of the Corporations Act, the Listing Rules and the ASX Operating Rules. The Directors may decline to register an instrument of transfer received where the transfer is not in registrable form or where refusal is permitted under the Listing Rules or the ASX Operating Rules. If the Directors decline to register a transfer the Company must give reasons for the refusal. The Directors must decline to register a transfer when required by the Corporations Act, the Listing Rules or the ASX Operating Rules.

(e) Variation of Rights

The Company may only modify or vary the rights attaching to any class of shares with the prior approval by a special resolution of the shareholders of the shares of that class, or with the written consent of the holders of at least three-quarters of the issued shares of that class.

(f) Directors

The minimum number of Directors is three. Currently, there are four Directors. Directors, other than the managing Director, must retire on a rotational basis so that one-third of Directors must retire at each annual general meeting. No Director except a Managing Director shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment. The Directors may appoint a director either in addition to existing Directors or to fill a casual vacancy, who then holds office until the next general meeting.

(g) Decisions of Directors

Questions arising at a meeting of Directors are decided by a majority of votes. The Chairman has a casting vote.

(h) Issue of Further Shares

Subject to the Constitution, the Corporations Act and the Listing Rules, the Directors may issue, or grant options in respect of, Shares to such persons on such terms as they think fit. In particular, the Directors may issue preference shares, including redeemable preference shares, and may issue shares with preferred, deferred or special rights or restrictions in relation to dividends, voting, return of capital and participation in surplus on winding up.

(i) Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least 75% of Shareholders present and voting at a general meeting. At least 28 days' notice of the intention to propose the special resolution must be given.

(j) ASX Listing Rules Prevail

To the extent that there are any inconsistencies between the Constitution and the Listing Rules, the Listing Rules prevail.

4.2 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. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the securities market conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions), to notify ASX once it is, or becomes aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Shares.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors' statement and report, and an audit review or report.

Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office (see Section 4.3 below).

4.3 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;
- (b) the Half Year Financial Report for the half-year ended 31 December 2018 lodged by the Company with the ASX on 1 March 2019; and
- (c) 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 are as follows:

Date Lodged	Subject of Announcement
12/08/2019	Completion of Capital Consolidation
30/07/2019	Update - Consolidation/Split - SF1
30/07/2019	Results of General Meeting
29/07/2019	June 2019 Appendix 4C and commentary
15/07/2019	Change of Registered Office and Principal Place of Business
15/07/2019	Change of Company Secretary
08/07/2019	Grant of ASX Waiver
27/06/2019	Consolidation/Split - SF1
27/06/2019	Notice of General Meeting/Proxy Form
27/06/2019	Proposed Director Appointment
06/06/2019	Placement & Company Update
30/04/2019	March 2019 Appendix 4C and commentary
18/04/2019	Voluntary Suspension Update
03/04/2019	Voluntary Suspension Update
01/04/2019	Voluntary Suspension
28/03/2019	Trading Halt
28/03/2019	Pause in Trading
26/03/2019	Response to ASX Query
06/03/2019	Ceasing to be a substantial holder
06/03/2019	Company Update - March 2019
01/03/2019	Appendix 4D and Half Year Report
22/02/2019	Response to ASX Appendix 4C Query
31/01/2019	December 2018 Appendix 4C and commentary
24/12/2018	Becoming a substantial holder
21/12/2018	Appendix 3B - Release of securities from escrow
21/12/2018	Final Director's Interest Notice
21/12/2018	Completion of Interim Chairman role and Market Update
17/12/2018	Release of Securities from escrow update
06/12/2018	Change of Company Name & ASX Ticker
30/11/2018	Release of Securities from Escrow
30/11/2018	Results of Annual General Meeting
21/11/2018	Investor Presentation - November 2018
31/10/2018	Operational Update & September 2018 Appendix 4C
30/10/2018	Notice of Annual General Meeting/Proxy Form
28/09/2018	Appendix 4G

The following documents are available for inspection throughout the application period of this Prospectus during normal business hours at the registered office of the Company at Level 5, 126 Phillip Street, Sydney, NSW 2000.

- (a) this Prospectus;
- (b) Constitution; and
- (c) the consents provided by the Directors to the issue of this Prospectus.

4.4 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 set out in this Prospectus.

4.5 Determination by ASIC

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

4.6 Directors' interests

- (a) Interests

Except as disclosed in this Prospectus, no Director, and no firm in which a Director has an interest:

- (i) 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 Offer or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (ii) 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 Offer.

- (b) Directors' Holdings

Set out in the table below are details of Directors' relevant interests in the securities of the Company at the date of this Prospectus (set out on a post Consolidation basis):

Director	Ryan Legudi	Timothy Grice	Braydon Moreno	Jonathan Pearce ⁽⁸⁾
Shares (Pre Consolidation basis)	16,765,891	10,619,846	18,530,462	-
Shares (Post Consolidation)⁽¹⁾	372,576⁽²⁾	235,997⁽³⁾	411,789⁽⁴⁾	-
Performance Rights (Pre Consolidation basis)	17,949,951	2,449,951	3,299,944	-
Performance Rights (Post Consolidation)⁽¹⁾	398,888⁽⁵⁾	54,444⁽⁶⁾	73,334⁽⁷⁾	-

Notes:

- (1) Subject to rounding on Consolidation.
- (2) Includes approx. 233,964 Shares received as consideration for Mr Legudi's interest in Robo 3D Inc, the Company's former US-based subsidiary acquired in December 2016.
- (3) Includes approx. 171,108 Shares received as consideration for Mr Grice's interest in Robo 3D Inc, the Company's former US-based subsidiary acquired in December 2016.
- (4) Includes approx. 400,677 Shares received as consideration for Mr Moreno's interest in Robo 3D Inc., the Company's former US-based subsidiary acquired in December 2016.
- (5) Comprising 54,444 Executive Performance Rights and 344,444 Performance Rights issued under the Robo 3D Limited Performance Rights Plan.
- (6) Comprising 54,444 Founder Performance Rights.
- (7) Comprising 62,222 Executive Performance Rights and 11,112 Performance Rights issued under the Robo 3D Limited Performance Rights Plan.
- (8) Mr Pearce's appointment as a Director is effective from completion of the Placement.

(c) Remuneration of Directors

In accordance with the Constitution, the Shareholders have approved an aggregate amount of up to \$200,000 per annum to be paid as non-executive Directors' fees.

Mr Legudi currently receives an annual salary of USD 100,000 and participates in short-term and long-term incentive programs in his role as CEO of MyStemKits Inc. In addition, Mr Legudi receives \$3,000 per month for his role as Managing Director of the Company. Mr Braydon Moreno no longer receives a salary or any director fees, and currently provides services as an independent contractor on a commission-only basis. Mr Grice currently receives an annual salary of \$100,000 plus statutory superannuation for his role as Executive Director.

Mr Jonathan Pearce's appointment as a Non-Executive Director is effective from completion of the Placement. Mr Pearce has not been paid and is not entitled to be paid any remuneration as at the date of this Prospectus. Mr Pearce is entitled to receive remuneration of \$30,000 (including superannuation) in the period from his appointment until 31 August 2020 which is payable monthly in arrears. Mr Pearce may elect to take up to 100% of his remuneration in Shares in lieu of cash payment. If Mr Pearce elects to be paid his remuneration in Shares, the deemed issue price of such Shares will be the monthly VWAP for Shares calculated for each month.

Directors have received the following remuneration in the preceding two financial years prior to this Prospectus:

Director	Year	Cash Salary and Fees \$	Commission \$	Non-monetary ⁽²⁾ \$	Super-annuation \$	Annual / Long Service Leave \$	Equity settled \$	Total \$
Ryan Legudi ⁽¹⁾	FY 2019	231,696 ⁽³⁾	50,681 ⁽⁵⁾	11,606	-	-	157,569	421,552
	FY 2018	217,045	-	5,748	10,688	9,552	60,783	303,816
Timothy Grice	FY 2019	108,333	-	-	10,292 ⁽⁷⁾	-	60,783	179,408
	FY 2018	150,000	-	-	14,250	12,635	60,783	237,668
Braydon Moreno ⁽¹⁾	FY 2019	151,997 ⁽⁴⁾	30,068 ⁽⁶⁾	5,524	-	-	92,227	279,816
	FY 2018	193,834	-	5,381	-	-	78,227	277,442
Jonathan Pearce	FY 2019	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	FY 2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) Mr Legudi and Mr Moreno receive remuneration in USD. For the purposes of the above remuneration table, Mr Legudi and Mr Moreno's remuneration has been converted to A\$.
- (2) Non-monetary amounts paid during the period relate to health insurance payments.
- (3) Includes \$74,307 allowance for living expenses which remains outstanding as the date of this Prospectus. The total amount of Mr Legudi's accrued living expense allowance which remains outstanding at the date of this Prospectus is \$110,641.
- (4) Includes \$19,697 which remains outstanding at the date of this Prospectus.
- (5) Includes \$10,019 which remains outstanding at the date of this Prospectus.
- (6) Includes \$23,891 termination severance.
- (7) Includes \$7,193 superannuation contributions which remains outstanding at the date of this Prospectus.

4.7 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:

- (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 Offer or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (b) 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 Offer.

4.8 Expenses of the Offer

The estimated expenses of the issue are as follows:

	Offer
	\$
ASIC lodgement fee	3,206
ASX quotation fee	1,922
Legal expenses	<u>5,000</u>
Total	<u>10,128</u>

5. Authorisation

This Prospectus is authorised by each of the Directors of the Company.

This Prospectus is signed for and on behalf of Company by:

A handwritten signature in black ink, appearing to be 'Timothy Grice', written over a horizontal line.

Timothy Grice
Executive Director

Dated: 16 August 2019

6. Glossary of Terms

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

\$ means Australian dollars.

AEST means Australian Eastern Standard Time.

Advisor Options means the Options issued to Forrest Capital Pty Ltd ACN 118 115 834 for services to the Company as lead manager of the Placement on a post Consolidation basis each with an exercise price of \$0.025 (2.5 cents) and expiry date of 31 December 2022.

Annual Report means the financial report lodged by the Company with ASIC on 28 September 2018 in respect to the financial year ended 30 June 2018 and includes the corporate directory, chairman's report, review of activities, Shareholder information, financial report of the Company and its controlled entities, together with a Directors' report in relation to that financial year and the auditor's report.

Applicant means a person who submits an Application Form.

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

Application Form or **Form** means the application form sent with this Prospectus.

Application Monies means application monies for Shares received by the Company.

ASIC means Australian Securities and Investments Commission.

ASTC means ASX Settlement and Transfer Corporation Pty Ltd ACN 008 504 532.

ASX means ASX Limited ACN 008 129 164 and where the context permits the Australian Securities Exchange operated by ASX Limited.

Board means the Directors meeting as a board.

Business Day means Monday to Friday inclusive, other than a day that ASX declares is not a business day.

CHESS means ASX Clearing House Electronic Subregister System.

Closing Date means the date set out in Section 1.3 or such later date as the Directors may determine.

Company means Stemify Limited ACN 009 256 535.

Consolidation has the meaning in Section 1.2.

Constitution means the constitution of the Company as at the date of this Prospectus.

Conversion Liabilities has the meaning in Section 1.2.

Conversion Options means the Tranche 1 Conversion Options, Tranche 2 Conversion Options and Tranche 3 Conversion Options.

Conversion Shares has the meaning in Section 1.2.

Corporations Act means Corporations Act (Cth) 2001.

Creditor Shares has the meaning in Section 1.2.

Denlin Nominees means Denlin Nominees Pty Ltd ACN 008 905 940.

Directors mean the directors of the Company as at the date of this Prospectus.

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.

Listing Rules means the Listing Rules of ASX.

Offer has the meaning in Section 1.1.

Official List means the official list of ASX.

Official Quotation means quotation of Shares on the Official List.

Option means an option to acquire one Share.

Performance Right means performance rights which convert on a one for one basis to Shares upon achievement of certain performance milestones prior to the relevant expiry date.

Placement has the meaning in Section 1.2.

Placement Shares has the meaning in Section 1.2.

Prospectus means this prospectus.

Robo 3D Limited Performance Rights Plan means the performance rights plan lodged by the Company with ASX on 20 December 2016.

Section means a section of this Prospectus.

Securities means Shares, Options and Performance Rights.

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

Shareholder means a holder of Shares.

Tranche 1 Conversion Options means the Options issued to Denlin Nominees with a post Consolidation exercise price of \$0.05 (5 cents) and expiry date of 30 June 2023.

Tranche 2 Conversion Options means the Options issued to Denlin Nominees with a post Consolidation exercise price of \$0.05 (5 cents) and expiry date of 30 June 2023 vesting upon the Company's share price reaching a 5-day VWAP of \$0.075 (7.5 cents).

Tranche 3 Conversion Options means the Options issued to Denlin Nominees with a post Consolidation exercise price of \$0.05 (5 cents) and expiry date of 30 June 2023 vesting upon the Company's share price reaching a 5-day VWAP of \$0.10 (10 cents).

VWAP means volume weighted average price.