

**ENSURANCE LIMITED**  
**ACN 148 142 634**

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**ENTITLEMENT ISSUE PROSPECTUS**

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For a non-renounceable entitlement issue of four (4) Shares for every five (5) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.015 per Share to raise up to \$3,793,041 (based on the number of Shares on issue as at the date of this Prospectus) (together with one (1) free attaching option for every four (4) Shares subscribed for and issued (**New Option**)) (**Offer**).

The Offer is fully underwritten by Blue Ocean Equities Pty Limited (**Underwriter**). Refer to Section 9.5 for details regarding the terms of the Underwriting Agreement. Blue Ocean Equities Pty Ltd is also acting as Lead Manager to the Offer. Refer to Section 9.6 for the terms of the Lead Manager Mandate.

**IMPORTANT NOTICE**

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered by this Prospectus should be considered as speculative.

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## 1. CORPORATE DIRECTORY

### Directors

Tony Leibowitz  
(Executive Chairman)

Adam Davey  
(Non-Executive Director)

Tony Wehby  
(Non-Executive Director)

### Registered Office

Level 5  
68 Alfred Street  
MILSONS POINT NSW 2061

Telephone: + 61 2 8070 1800  
Facsimile: +61 2 8070 1899  
Email: shallab@ensurance.com.au  
Website: www.ensurance.com.au

### Company Secretary

Sam Hallab

### Share Registry\*

Computershare Investor Services  
Pty Ltd  
Level 11  
172 St Georges Terrace  
PERTH WA 6000

Telephone:  
1300 850 505  
+61 3 9415 4000

### Solicitors

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

### Auditor\*

Mazars Risk & Assurance Pty Ltd  
Level 12  
90 Arthur Street  
NORTH SYDNEY NSW 2060

### Lead Manager and Underwriter

Blue Ocean Equities Pty Limited  
Level 29 Aurora Place  
88 Phillip Street  
SYDNEY NSW 2000

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

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**2. TIMETABLE**

|   |                            |
|---|----------------------------|
| Lodgement of Prospectus with the ASIC   | Friday, 25 October 2019    |
| Lodgement of Prospectus & Appendix 3B with ASX                                  | Friday, 25 October 2019    |
| Notice sent to Optionholders  | Friday, 25 October 2019    |
| Notice sent to Shareholders   | Tuesday, 29 October 2019   |
| Ex date   | Wednesday, 30 October 2019 |
| Record Date for determining Entitlements  | Thursday, 31 October 2019  |
| Prospectus sent out to Shareholders & Company announces this has been completed | Monday 4, November 2019    |
| Last day to extend the Closing Date   | Tuesday, 26 November 2019  |
| Closing Date*   | Friday 29, November 2019   |
| Shares quoted on a deferred settlement basis                                    | Monday, 2 December 2019    |
| ASX notified of under subscriptions   | Wednesday, 4 December 2019 |
| Issue date/Securities entered into Shareholders' security holdings              | Friday, 6 December 2019    |
| Quotation of Shares issued under the Offer*                                     | Monday, 9 December 2019    |

\*The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the Shares are expected to commence trading on ASX may vary.

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### **3. IMPORTANT NOTES**

This Prospectus is dated 25 October 2019 and was lodged with the ASIC on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

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

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

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

Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and options to acquire continuously quoted securities and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

#### **3.1 Risk factors**

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 8. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

#### **3.2 Forward-looking statements**

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

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

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

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

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

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 8.

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#### 4. LETTER TO SHAREHOLDERS

Dear Shareholder

On 23 October 2019, the Company announced its intention to conduct a non-renounceable entitlement issue of four (4) Shares for every five (5) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.015 per Share to raise up to \$3,793,041 (based on the number of Shares on issue as at the date of this Prospectus) (together with one (1) free attaching New Option for every four (4) Shares subscribed for and issued).

The Offer is fully underwritten by Blue Ocean Equities Pty Limited.

All Eligible Shareholders registered at 5:00pm WST on 31 October 2019 will be entitled to participate in the non-renounceable issue of Securities. The proposed Closing Date for acceptances is 5:00pm WST on 29 November 2019.

This Prospectus contains important information about the Offer, including:

- (a) details of the Offer, including key dates;
- (b) actions required by Shareholders; and
- (c) risk factors associated with the Offer.

You should read this Prospectus carefully and in its entirety before deciding whether or not to participate in the Offer. In particular, you should consider the key risk factors included in Section 8.

Shareholders who do not take up all or any part of their Entitlement will not receive any payment or value in respect of those Entitlements and their equity interest in the Company will be diluted.

The Company proposes to use the proceeds of the Offer to support the continued build out of the Company's UK operations, including the hire of additional underwriting staff to support the strong growth and demand for its products, investment in a new IT system and for opportunistic acquisitions of new insurance products which can be sold into global markets, working capital and the costs of the Offer. Notably, the Company's Terrorism and Sabotage Insurance – which launched in the UK in May 2019 – is proving a larger opportunity than first envisaged, and funds will also support the product's growth in the UK and in the US.

In addition to the above, the Company is actively considering its options in relation to its Australian underwriting business, including divestment or restructure, and will keep Shareholders apprised of developments accordingly.

On behalf of the Board, I invite you to consider this investment opportunity and thank you for your ongoing support of the Company.

Yours sincerely



**Mr Tony Leibowitz**  
**Executive Chairman**  
**Ensurance Limited**

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## 5. DETAILS OF THE OFFER

### 5.1 The Offer

The Offer is being made as a non-renounceable entitlement issue of four (4) Shares for every five (5) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.015 per Share to raise up to \$3,793,041 (based on the number of Shares on issue as at the date of this Prospectus) together with one (1) free attaching New Option for every four (4) Shares subscribed for and issued.

Based on the capital structure of the Company as at the date of this Prospectus and assuming all Entitlements are accepted, a maximum of 252,869,455 Shares and 63,217,364 New Options will be issued pursuant to this Offer to raise up to \$3,793,041 (before costs of the Offer).

As at the date of this Prospectus the Company has 55,131,615 Options on issue, all of which may be exercised prior to the Record Date in order to participate in the Offer. Please refer to Section 6.4 for information on the exercise price and expiry date of the Options on issue.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 7.1 for further information regarding the rights and liabilities attaching to the Shares.

All of the New Options offered under this Prospectus will be issued on the terms and conditions set out in Section 7.2. All Shares issued on conversion of the New Options will rank equally with the Shares on issue at the date of this Prospectus.

The purpose of the Offer and the intended use of funds raised are set out in Section 6.1.

### 5.2 Minimum subscription

On the basis that the Offer is fully underwritten by the Underwriter, the minimum subscription is also the full subscription under the Offer.

### 5.3 Acceptance

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
  - (i) complete the Entitlement and Acceptance Form; and
  - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency or arrange payment by BPAY®, for the amount indicated on the Entitlement and Acceptance Form; or

- (b) if you wish to accept your **full** Entitlement **and** apply for additional Shares (which will be issued at the sole discretion of the Company, in consultation with the Underwriter):
  - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided;
  - (ii) fill in the number of Shares you wish to apply for over and above your Entitlement in the space provided on the Entitlement and Acceptance Form; and
  - (iii) attach your cheque or arrange payment by BPAY® for the appropriate Application monies (at \$0.015 per Share); or
- (c) if you only wish to accept **part** of your Entitlement:
  - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
  - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency or arrange payment by BPAY®, for the appropriate application monies (at \$0.015 per Share); or
- (d) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

#### **5.4 Payment by cheque/bank draft**

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Ensurance Limited" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 4:00pm WST on the Closing Date.

#### **5.5 Payment by BPAY®**

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

**It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 4:00pm (WST) on the Closing Date. You should be aware that your financial institution may implement cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.** Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

## 5.6 Underwriting and sub-underwriting

The Offer is fully underwritten by the Underwriter. Refer to Section 9.5 for details of the terms of the underwriting.

## 5.7 Effect on control of the Company and potential dilution to Shareholders

### (a) Underwriting

The Underwriter is not presently a Shareholder of the Company and the extent to which Shares are issued pursuant to the underwriting will increase the Underwriter's voting power in the Company. The Underwriter is not a related party of the Company for the purpose of the Corporations Act. The Underwriter's present relevant interest and changes under several scenarios are set out in the table below.

| Event                           | Shares held by Underwriter | Voting power of Underwriter |
|---------------------------------|----------------------------|-----------------------------|
| Date of Prospectus              | Nil                        | 0%                          |
| Completion of Entitlement Issue |                            |                             |
| Fully subscribed                | Nil                        | 0%                          |
| 75% subscribed                  | 63,217,364                 | 11.11%                      |
| 50% subscribed                  | 126,434,728                | 22.22%                      |
| 25% subscribed                  | 189,652,092                | 33.33%                      |

The number of Shares held by the Underwriter and its voting power in the table above show the potential effect of the underwriting of the Offer.

However, it is unlikely that no Shareholders will take up Entitlements under the Offer. The underwriting obligation and therefore voting power of the Underwriter will reduce by a corresponding amount for the amount of entitlements under the Offer taken up by the Shareholders.

In addition, the Underwriter has entered into sub-underwriting agreements for all of the Underwritten Securities, meaning that the number of Shares held by the Underwriter at completion of the Offer will be reduced on the basis that the sub-underwriters comply with their sub-underwriting commitments.

### (b) Sub-Underwriting – Director, Tony Leibowitz

The Underwriter has entered into a sub-underwriting agreement with Kalonda Pty Ltd (ACN 009 137 222) as trustee for the Leibowitz Super Fund (**Kalonda**), an entity controlled by a Director, Tony Leibowitz, pursuant to which Kalonda has agreed to sub-underwrite 90,735,831 Shares.

The Underwriter will pay Kalonda a fee of 4% of the sub-underwritten amount, being \$54,441.50 in consideration for the sub-underwriting.

Kalonda currently holds 61,159,739 Shares. Kalonda also holds a total of 25,150,000 Options and a Convertible Note which may be converted into 2,500,000 Shares. Mr Leibowitz has confirmed that none of these Options will be exercised, or the Convertible Note converted, prior to the Record Date.

If Kalonda were required to sub-underwrite the maximum number of Shares (being 90,735,831 Shares) Mr Leibowitz will acquire a maximum voting power of 35.30% assuming that Kalonda also takes up its Entitlement (an additional 48,927,791 Shares), the issue of all Shares contemplated by the Entitlement Offer and no exercise of Options or conversion of the Convertible Note held by Kalonda.

(c) **Sub-Underwriting – Director, Adam Davey**

The Underwriter has entered into a sub-underwriting agreement with Director Adam Davey as trustee for the Shenton Park Investment Account, pursuant to which Mr Davey has agreed to sub-underwrite 26,478,476 Shares.

The Underwriter will pay Mr Davey a fee of 4% of the sub-underwritten amount, being \$15,887.09 in consideration for the sub-underwriting.

Mr Davey and his controlled entities currently hold 3,542,819 Shares. Mr Davey and his controlled entities also hold a total of 4,000,000 partly paid shares and 3,000,000 Options and a Convertible Note which may be converted into 2,500,000 Shares. Mr Davey has confirmed that none of these partly paid shares will be paid up, Options will be exercised, or the Convertible Note converted, prior to the Record Date.

If Mr Davey as trustee for the Shenton Park Investment Account were required to sub-underwrite the maximum number of Shares (being 26,478,476 Shares), Mr Davey and his controlled entities will acquire a maximum voting power of 5.77% assuming that Mr Davey and his controlled entities also take up their Entitlement (an additional 2,834,255 Shares), the issue of all Shares contemplated by the Entitlement Offer and no exercise of Options, paying up of partly paid shares or conversion of the Convertible Note held by Mr Davey and his controlled entities.

(d) **Other sub-underwriters**

Kalonda, Adam Davey as trustee for the Shenton Park Investment Account and two other sub-underwriters – Biddle Partners Pty Ltd as trustee for Biddle Super Fund Account (which may acquire a maximum interest in 5.82% of Shares on issue after completion of the Offer) and Gabriel Investment and Management Limited (which may also acquire a maximum interest in 5.82% of Shares on issue after completion of the Offer) - are currently the only sub-underwriters whose agreement to sub-underwrite the Offer may result in them acquiring an interest in more than 5% of the Shares on issue.

The maximum interest in Shares the sub-underwriters may acquire an interest in based on their sub-underwriting arrangements will depend on the amount of, if any, Shortfall.

(e) **Dilution**

In addition, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 45% (as compared to their holdings and number of Shares on issue as at the date

of the Prospectus). Examples of how the dilution may impact Shareholders is set out in the table below:

| Holder        | Holding as at Record date | % at Record Date | Entitlements under the Offer | Holdings if Offer not taken Up | % post Offer |
|---------------|---------------------------|------------------|------------------------------|--------------------------------|--------------|
| Shareholder 1 | 10,000,000                | 3.16             | 8,000,000                    | 10,000,000                     | 1.76         |
| Shareholder 2 | 5,000,000                 | 1.58             | 4,000,000                    | 5,000,000                      | 0.88         |
| Shareholder 3 | 1,500,000                 | 0.47             | 1,200,000                    | 1,500,000                      | 0.26         |
| Shareholder 4 | 500,000                   | 0.16             | 400,000                      | 500,000                        | 0.09         |
| Shareholder 5 | 50,000                    | 0.02             | 40,000                       | 50,000                         | 0.01         |

**Note:**

1. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall Offer. In the event all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage. As of the Offer is fully underwritten it is unlikely that this alternative dilutionary position will result.

## 5.8 Lead manager

Blue Ocean has been appointed as Lead Manager to the Offer. The terms of the appointment of the Lead Manager are summarised in Section 9.6.

## 5.9 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for approximately two weeks following the Closing Date, or such other period determined by the Directors in consultation with the Underwriter. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.015 being the price at which Shares have been offered under the Offer.

The Directors, in consultation with the Underwriter, reserve the right to issue Shortfall Shares at their absolute discretion and in accordance with the terms of the Underwriting Agreement.

## 5.10 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all Application Monies for the Shares within the time prescribed under the Corporations Act, without interest.

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

## **5.11 Issue**

Securities issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Securities issued pursuant to the Shortfall Offer will be issued either simultaneously with the Shares issued pursuant to the Offer or in accordance with the terms of the Underwriting Agreement. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus Application Monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

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

Holding statements for Securities issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Shares issued under the Shortfall Offer as soon as practicable after their issue.

## **5.12 Overseas shareholders**

This Offer does not, and is not intended to, constitute an offer 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.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia, New Zealand, the United Kingdom, Jersey or Switzerland.

### ***New Zealand***

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

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

### ***United Kingdom***

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the

Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the new Shares.

This document is issued on a confidential basis to fewer than 150 persons (other than "qualified investors" (within the meaning of section 86(7) of FSMA)) in the United Kingdom, and the new Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 FSMA) received in connection with the issue or sale of the new Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who fall within Article 43 (members or creditors of certain bodies corporate) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, as amended, or (ii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

### **Jersey**

No offer or invitation to subscribe for shares may be made to the public in Jersey.

### **Switzerland**

The Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (**SIX**) or on any other stock exchange or regulated trading facility in Switzerland.

This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland.

Neither this Prospectus nor any other offering or marketing material relating to the Shares may be publicly distributed or otherwise made publicly available in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Prospectus will not be filed with, and the offer of Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (**FINMA**). This Prospectus is personal to the recipient only and not for general circulation.

### **Nominees and custodians**

Nominees and custodians may not submit an Entitlement and Acceptance Form on behalf of any Shareholder resident outside Australia, New Zealand, the United Kingdom, Jersey or Switzerland without the prior consent of the Company, taking into account relevant securities law restrictions. Return of a duly completed

Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

### **5.13 Enquiries**

Any questions concerning the Offer should be directed to Sam Hallab, Company Secretary, on +61 2 8070 1800.

## 6. PURPOSE AND EFFECT OF THE OFFER

### 6.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$3,793,041.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

|    | Proceeds of the Offer  | Full Subscription (\$) | %          |
|----|--|------------------------|------------|
| 1. | Continued expansion of the Company's operations in the United Kingdom <sup>1</sup>           | 1,722,000              | 45         |
| 2. | Furthering the growth of the Company's Terrorism and Sabotage Insurance product <sup>2</sup> | 495,000                | 13         |
| 3. | Investment in new IT System - UK   | 667,000                | 18         |
| 4. | Expenses of the Offer <sup>3</sup>   | 272,741                | 7          |
| 5. | Working capital  | 636,300                | 17         |
|    | <b>Total</b>   | <b>3,793,041</b>       | <b>100</b> |

#### Notes:

1. This includes costs associated with the hire of additional underwriting staff to support the strong growth and demand for its products, and for the development of new insurance products which can be sold into global markets.
2. This includes the rollout of the UK business's Terrorism and Sabotage Insurance product into the USA.
3. Refer to Section 9.10 for further details relating to the estimated expenses of the Offer.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

### 6.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, will be to:

- (a) increase the cash reserves by \$3,520,300 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer;
- (b) increase the number of Shares on issue from 316,086,819 as at the date of this Prospectus to 568,956,274 Shares; and
- (c) increase the number of Options on issue from 55,131,615 as at the date of this Prospectus to 118,348,979 Options.

### 6.3 Pro-forma balance sheet

The unaudited balance sheet as at 30 September 2019 and the unaudited pro-forma balance sheet as at 30 September 2019 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and

reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, no Options are exercised prior to the Record Date and including expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

|                                   | UNAUDITED<br>30 Sep'19 | PROFORMA<br>30 Sep'19 |
|-----------------------------------|------------------------|-----------------------|
| <b>CURRENT ASSETS</b>             |                        |                       |
| Cash <sup>1</sup>                 | \$863,703              | \$4,384,003           |
| Other current assets              | \$1,035,887            | \$1,035,887           |
| Trust account insurer assets      | \$9,948,937            | \$9,948,037           |
| <b>TOTAL CURRENT ASSETS</b>       | <b>\$11,848,527</b>    | <b>\$15,368,827</b>   |
|                                   |                        |                       |
| <b>NON-CURRENT ASSETS</b>         | <b>\$196,659</b>       | <b>\$196,659</b>      |
|                                   |                        |                       |
| <b>TOTAL ASSETS</b>               | <b>\$12,045,186</b>    | <b>\$15,565,486</b>   |
|                                   |                        |                       |
| <b>CURRENT LIABILITIES</b>        |                        |                       |
| Creditors and borrowings          | \$1,013,197            | \$1,013,197           |
| Trust account insurer liabilities | \$9,948,937            | \$9,948,937           |
| <b>TOTAL CURRENT LIABILITIES</b>  | <b>\$10,962,134</b>    | <b>\$10,962,134</b>   |
|                                   |                        |                       |
| <b>NON-CURRENT LIABILITIES</b>    | <b>\$4,608,055</b>     | <b>\$4,608,055</b>    |
|                                   |                        |                       |
| <b>TOTAL LIABILITIES</b>          | <b>\$15,570,189</b>    | <b>\$15,570,189</b>   |
|                                   |                        |                       |
| <b>NET ASSETS (LIABILITIES)</b>   | <b>(\$3,525,003)</b>   | <b>(\$4,703)</b>      |
|                                   |                        |                       |
| <b>EQUITY</b>                     |                        |                       |
| Share capital                     | \$16,301,785           | \$19,822,085          |
| Options Reserve <sup>2</sup>      | \$1,481,654            | \$1,993,714           |
| Retained loss <sup>2</sup>        | (\$21,308,442)         | (\$21,820,502)        |
| <b>TOTAL EQUITY</b>               | <b>(\$3,525,003)</b>   | <b>(\$4,703)</b>      |

**Notes:**

- Offer proceeds of \$3,793,041 less expenses of \$272,741 provide a net increase in cash

of \$3,520,300.

2. The Options attached to the Offer, of one (1) Option for every four (4) Shares subscribed for and issued, have an estimated value of \$512,060 using the Black Scholes valuation model.

#### 6.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted, no Options are exercised, no partly paid shares paid up, no Performance Rights vest and no Convertible Notes are converted prior to the Record Date, is set out below.

##### Shares

|  | Number             |
|--|--------------------|
| Shares currently on issue                                  | 316,086,819        |
| Shares offered pursuant to the Offer                       | 252,869,455        |
| <b>Total Shares on issue after completion of the Offer</b> | <b>568,956,274</b> |

##### Options

|   | Number             |
|---|--------------------|
| Options offered pursuant to the Offer                             | 63,217,364         |
| <b>Options currently on issue:<sup>1</sup></b>                    |                    |
| Unquoted exercisable at \$0.08 each on or before 15 December 2019 | 5,000,000          |
| Unquoted exercisable at \$0.05 each on or before 15 December 2019 | 3,150,000          |
| Unquoted exercisable at \$0.08 each on or before 31 July 2020     | 2,597,314          |
| Unquoted exercisable at \$0.04 each on or before 31 July 2020     | 3,500,000          |
| Unquoted exercisable at \$0.046 each on or before 31 July 2020    | 3,000,000          |
| Unquoted exercisable at \$0.12 each on or before 31 July 2020     | 1,000,000          |
| Unquoted exercisable at \$0.05 each on or before 15 December 2020 | 7,250,000          |
| Unquoted exercisable at \$0.04 each on or before 30 June 2021     | 12,634,301         |
| Unquoted exercisable at \$0.05 each on or before 10 July 2021     | 1,000,000          |
| Unquoted exercisable at \$0.08 each on or before 10 July 2021     | 1,000,000          |
| Unquoted exercisable at \$0.04 each on or before 31 December 2021 | 3,000,000          |
| Unquoted exercisable at \$0.06 each on or before 31 December 2022 | 5,000,000          |
| Unquoted exercisable at \$0.09 each on or before 31 December 2023 | 7,000,000          |
| <b>Total Options on issue after completion of the Offer</b>       | <b>118,348,979</b> |

## Performance Rights

|  | Number           |
|--|------------------|
| Performance Rights currently on issue <sup>2</sup>                     | 1,500,000        |
| Performance Rights offered pursuant to the Offer                       | Nil              |
| <b>Total Performance Rights on issue after completion of the Offer</b> | <b>1,500,000</b> |

## Convertible Notes

|   | Number of Convertible Notes | Number of Shares to be issued on Conversion |
|---|-----------------------------|---|
| Convertible Notes currently on issue <sup>3</sup>                     | 42                          | 59,812,200                                  |
| Convertible Notes offered pursuant to the Offer                       | Nil                         | Nil   |
| <b>Total Convertible Notes on issue after completion of the Offer</b> | <b>42</b>                   | <b>159,499,200</b>                          |

## Partly Paid Shares

|  | Number           |
|--|------------------|
| Partly paid shares currently on issue <sup>3</sup>                     | 8,000,000        |
| Partly paid shares offered pursuant to the Offer                       | Nil              |
| <b>Total partly paid shares on issue after completion of the Offer</b> | <b>8,000,000</b> |

### Notes:

1. Upon completion of the Offer, the terms of the 3,000,000 Options exercisable at \$0.046 each on or before 31 July 2020 and 5,000,000 Options exercisable at \$0.04 each on or before 31 July 2020 will be amended in accordance with the ASX Listing Rules.
2. Comprising 1,000,000 Class A Performance Rights, each of which will vest into one (1) Share upon the Company achieving a share price of \$0.80 based on a 30 day volume weighted average share price by 2 December 2020; and 500,000 Class B Performance Rights each of which will vest into one (1) Share on the introduction to, and entry into, an agreement with a strategic partner to the Company which results directly or indirectly in a material increase in the Company's revenue or otherwise increases the value of the Company, to be determined at the discretion of the Directors.
3. The Convertible Notes are currently convertible into Shares on a one-for-one basis at a conversion price of \$0.04. The Convertible Notes also have an interest rate of 8% per annum and the term of the Convertible Notes was recently extended to 30 June 2021. Upon completion of the Offer, the conversion price of the Convertible Notes will be revised to \$0.015 in accordance with their terms and therefore 159,499,200 Shares would need to be issued if all 42 Convertible Notes were to be converted after completion of the Offer. For further details in respect of the Convertible Notes currently on issue, refer to Notice of Annual General Meeting released to the ASX on 30 October 2017 for the meeting held on 29 November 2017.
4. The partly paid shares have been issued at a price of \$0.20 of which \$0.0001 was paid on issue with the balance payable at the election of the holder, any time within five years from the date of Shareholder approval, being 30 November 2020. These shareholders are not eligible to participate in the Offer, unless they pay the unpaid balance prior to the Record Date.

The capital structure on a fully diluted basis as at the date of this Prospectus would be 440,530,634 Shares and on completion of the Offer (assuming all Entitlements are accepted and no Performance Rights vest, Convertible Notes or Options are exercised prior to the Record Date) would be 856,304,453 Shares.

## 6.5 Details of substantial holders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

| Shareholder                                     | Shares     | %     |
|---|------------|-------|
| Kalonda Pty Ltd <Leibowitz Super Fund A/C>      | 61,159,739 | 19.35 |
| Church Street Trustees Limited <The Matlas A/C> | 29,412,063 | 9.25  |
| Museum Investments Limited                      | 17,164,047 | 5.43  |

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer. Refer to Section 5.7(b) for details of Kalonda's sub-underwriting arrangements with the sub-underwriter.

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## **7. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES**

### **7.1 Shares**

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

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

#### **(a) General meetings**

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

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

#### **(b) Voting rights**

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

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

#### **(c) Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of

the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

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

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

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

(f) **Transfer of shares**

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

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

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

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

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

## 7.2 New Options

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.02 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (EST) on that date which is 18 months from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

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

(f) **Exercise Date**

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

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

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

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

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

(h) **Shares issued on exercise**

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

(i) **Reconstruction of capital**

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

(j) **Participation in new issues**

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

(k) **Change in exercise price**

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

(l) **Transferability**

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

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## **8. RISK FACTORS**

### **8.1 Introduction**

- (a) The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.
- (b) There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.
- (c) The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### **8.2 Company specific**

#### **(a) Potential for significant dilution**

Upon implementation of the Offer, assuming all Entitlements are accepted and no Performance Rights vest, Convertible Notes convert or Options are exercised prior to the Record Date the number of Shares in the Company will increase from 316,086,819 currently on issue to 568,956,274. This means that each Share will represent a significantly lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the prospectus being lodged of \$0.016 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.

#### **(b) New strategic direction**

Following an analysis of its business and the key drivers for its future growth, the Company has adopted a new strategic direction which will involve building its operations internationally, predominantly as a Managing General Agent with large insurance capacity lines on a global basis. This may result in both the acquisition of strategically aligned businesses and the disposal of non-core business units.

The successful implementation of this new strategic direction will be pivotal to achieving future growth and Shareholder value. Failure to successfully implement the new strategic direction could adversely affect the Company's and the Ensurance Group's business, financial condition and results from operations.

The proposed new strategic direction of the Company will bring with it additional risks associated with increasing its overseas business operations, compliance with foreign jurisdiction requirements and

contractual risks in relation the acquisition and potential disposal of businesses.

(c) **Going concern risk**

The Company's financial report for the year ended 30 June 2019 noted the following:

Accounting policies: Note 1.a.ii

*"The Group incurred a net loss for the year of \$1,401,735 (2018: \$8,707,405). As at 30 June 2019, the Group had working capital of \$2,102,369 (2018: \$1,401,835), a net liability of \$2,293,658 (2018: \$778), and accumulated losses of \$20,077,097 (2018: \$19,074,092). The Group has had recurring operating losses as a result of the delivery of new products and cashflow generating business units in accordance with the Group's strategic goals.*

*Based on a cashflow forecast, the Group has sufficient working capital to fund its mandatory obligations for the period ending 12 months from the date of this report. The Group is exploring various capital raising strategies and the Group has also received confirmation of continued and ongoing financial support from one of its major shareholders. This continued financial support will enable the Group to meet its current obligations as and when they fall due.*

*Ultimately the ability of the Group to continue as a going concern is dependent upon the continued unconditional financial support provided by a major shareholder of Ensurance Limited, which was provided in writing on 19 September 2019. On this basis, it is the Directors belief that the Group is able to pay its debts as and when they fall due and will have adequate resources to continue operating for the foreseeable future. For this reason, the Directors consider the going concern basis of preparation to be appropriate."*

Per Independent Auditor's Report:

*"Material Uncertainty Related to Going Concern: We draw attention to Note 1.a.ii in the financial report, which indicates that the Group incurred a net loss of \$1,401,735 during the year ended 30 June 2019 (2018: \$8,707,405 loss) and as of that date, the Group's statement of financial position reflected positive working capital of \$2,102,369 (2018: \$1,401,835), net liability of \$2,293,658 (2018: \$778) and accumulated losses of \$20,077,097 (2018: \$19,074,092).*

*The ability of the Group to continue as a going concern and pay their debts as and when they fall due is dependent upon the continued and ongoing unconditional financial support of a major shareholder. Should the ongoing financial support cease, then a material uncertainty exists which may cast significant doubt as to the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report."*

Notwithstanding the 'going concern' Emphasis of Matter paragraph included in the Independent Auditor's Review Report issued to the Company for the year ended 30 June 2019, the Directors believe that upon the successful completion of the Offer, the Company will have

sufficient funds to adequately meet the Company's current expenditure commitments and short term working capital requirements.

(d) **Licensing requirements for Australian Financial Services Licence (AFSL) holders**

Generally, underwriting agencies, Managing General Agents and general insurance brokers that have a business in Australia and in the United Kingdom, are required to hold licences issued by ASIC in Australia and the Financial Conduct Authority in the UK. Under the laws of Australia and the UK an individual or a company must hold an AFSL (Australia) and an FCA Authorisation (UK) in order to conduct these businesses, unless exempt. Compliance with the obligations of an AFSL and an FCA Authorisation is the responsibility of the licensee.

The ability of the Ensurance Group to carry out its business objectives in accordance with this Prospectus is dependent on the maintenance of the Ensurance Group's ability to access an AFSL and an FCA Authorisation. If Ensurance Underwriting or Ensurance UK, as holders of an AFSL and FCA Authority, are unable to retain their respective licences, they may not be able to continue to operate in their current form. This may impact their ability to offer insurance and related services to their customers, which would result in a loss of income to the Ensurance Group.

Furthermore, if Ensurance Underwriting or Ensurance UK do not meet regulatory requirements, they may suffer penalties, such as fines, obligations to pay compensation, enforceable undertakings, imposition of (or variations to) licence conditions or, ultimately, the cancellation or suspension of their AFSL's and FCA Authorisation.

The suspension or cancellation of the AFSL/FCA Authorisation held by either Ensurance Underwriting or Ensurance UK may also pose a reputational risk for the Ensurance Group.

(e) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offer. 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 business and operations plans. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(f) **Changes in insurance products provided**

The Company earns a significant proportion of its revenue from the sale of insurance products both in Australia and in the United Kingdom. These insurance products are provided by several key product providers.

Key product providers may make fewer products available, may not make certain products available or may not make any products available to the Ensurance Group. This may be for a number of reasons, including, where the product providers are insurers, decisions to limit the number of new policies that they write. in response to market conditions,

their perceptions of where their best growth opportunities may lie, or as a result of a lack of sufficient capital or funds generally which are required to underpin new policy growth.

The loss or impairment of any of these key product provider relationships, or a reduction in the nature or number of insurance products that the product providers make available, could adversely affect the Company's and the Ensurance Group's business, financial condition and results from operations.

While new arrangements can be made to replace any loss of sales in the instance of the loss or impairment of a relationship with an insurance product provider (either through new or existing product providers), there can be no guarantee that the terms negotiated will be favourable.

(g) **Dependence on third parties and services**

The Ensurance Group relies on key software products and services supplied by third parties for its information management systems and delivery of services to brokers, clients and customers. If any software products upon which the Ensurance Group depends do not operate as expected then the services that the Ensurance Group operates may be adversely affected. There is an inherent risk that such third parties appointed do not perform their role to a satisfactory standard. There can be no assurance that the Company would be successful in attempting to enforce any of its contractual rights through legal action.

(h) **New product development and technology risk**

The Company is reliant upon certain technologies and upon the successful commercialisation of these technologies. There is a risk that as marketable technologies continue to develop in the communications industry there may be certain product developments that supersede, and render obsolete, the products and services of the Company, this would adversely affect the profitability of the Company and likely the value of the Shares.

Furthermore, standard backup, restoration and recovery procedures are in place for the Ensurance Group. In accordance with AFSL requirements, Ensurance Underwriting is also required to have in place its own disaster recovery plan. However, despite these protections, any significant interruptions to the Ensurance Group's information technology and communications systems could impair the ability of the Ensurance Group to continue to provide its services (such as access to the online platform), or the loss or corruption of data and may impact the Ensurance Group's brand image and potentially loss of customers. Any of these impacts, or other potential effects, could materially affect the Ensurance Group's overall revenue and earnings.

(i) **Protection of intellectual property rights**

The Ensurance Group's intellectual property rights are valuable, and any inability to protect them could reduce the value of the Ensurance Group's products and brand.

Securing rights to technologies, and in particular intellectual property, through licensing, ownership or otherwise, is an integral part of securing potential product value in the online platform. Competition in obtaining

and sustaining protection of technology and the complex nature of technologies can lead to intellectual property disputes. The Company's and the Ensurance Group's prospect of success depends, in part, on their ability to obtain interests in intellectual property, maintain trade secret protection and operate without infringing the proprietary rights of third parties. There can be no assurance that any intellectual property which the Ensurance Group or entities it deals with may have an interest in now or in the future will afford the Ensurance Group commercially significant protection of technologies, or that any of the projects that may arise from technologies will have commercial applications.

The Ensurance Group may rely on a combination of confidentiality arrangements with third parties with whom it has relationships, as well as domain name, trade secret, copyright, trade mark and/or patent laws, to protect its brand and other intellectual property rights. The granting of a registered patent does not guarantee that the rights of others are not infringed or that competitors will not develop technology to avoid the patented technology. There can be no assurance that any patents that the Ensurance Group may own or control will afford the Ensurance Group commercially significant protection of its technologies or its products or have commercial application.

(j) **Contractual risk**

To provide consistent service delivery, the Ensurance Group has worked to build longstanding relationships with third party suppliers and employees working in the sector. The business of the Ensurance Group has a significant dependence on its counterparties and their ability to meet their contractual obligations pursuant to the agreements entered into with a member of the Ensurance Group. In particular, the Ensurance Group relies on the continuation of product binding agreements between Ensurance Underwriting and insurers.

The ability of the Company to achieve its objectives depends upon the performance of counterparties to each of the agreements, of their respective obligations under those agreements. If any counterparty defaults in the performance of their obligations, it may be necessary for the Company or the relevant member of group (as the case may be) to approach a court to seek a legal remedy. Legal action can be costly and there can be no guarantee that a legal remedy will be ultimately granted on the appropriate terms.

The Company has no current reason to believe that any of the parties which it or any of the members of the Ensurance Group has contracted with will not meet and satisfy their obligations under their respective agreements.

(k) **Key personnel**

The Company's ability to successfully execute against its business plan and exploit market opportunities identified will be subject to the ability to attract and retain highly qualified and experienced executives and employees across all aspects of the business both in Australia and the United Kingdom. The Company may not be able to attract or retain key staff or be able to find effective replacements in a timely manner. The Company will ensure that it remains competitive in terms of employment conditions and salaries and to implement suitable incentive schemes to align the interests of employees and Shareholders.

(l) **Competition risk**

The Ensurance Group is participating in highly competitive markets both in Australia and in the United Kingdom. Some of the Ensurance Group's competitors may have greater financial and other resources than the Ensurance Group and, as a result, may be in a better position to compete for future business opportunities.

**8.3 Industry specific**

(a) **Increased competition and change or disruption in market structure**

The Ensurance Group competes in the distribution of general insurance policies with other managing general agents, underwriting agencies and insurers. In order to be an effective market participant the Ensurance Group must respond promptly to a number of challenges facing the industry as a whole, and the Ensurance Group specifically. These challenges include the entry of new participants into the managing general agency and underwriting agency markets. With technology development and the advent of online purchasing of insurance products and comparison websites, the barriers of entry into the insurance industry have decreased in recent years.

Increased competition could arise from a number of sources including, but not limited to:

- (i) increased competition from other managing general agency and underwriting agencies;
- (ii) increased focus from large global insurance brokers on the small to medium enterprise segment;
- (iii) the expansion of non-insurance broking distribution channels that maintain relationships with small to medium enterprise customers (for example, accountants, financial planners and business bankers) into insurance broking;
- (iv) the expansion of online broking and comparator websites (servicing predominantly personal lines of insurance) into commercial lines; and/or;
- (v) general insurers expanding their direct distribution capabilities in the SME segment.

(b) **Data security risk**

In the ordinary course of its business, the Ensurance Group collects a range of personal and financial information from consumers and clients using the Ensurance Underwriting web portal and white labellers' websites, through the secure transmission of confidential information over public networks. This includes information like personal contact details.

A malicious attack on the Ensurance Group's systems, processes or people from external or internal sources could put the integrity and privacy of customer's data and business systems used to run the Ensurance Group at risk. The impact of loss or leakage of customer or business data could include costs for rebates, potential service disruption, litigation, and brand damage resulting in reduced or falling revenues.

Whilst the Ensurance Group has established risk management systems to prevent cyber-attacks and any potential data security breaches, including firewalls, encryption of consumer data, a privacy policy and policies to restrict access to data to authorised employees, there are inherent limitations on such systems, including the possibility that certain risks have not been identified. There can be no guarantee that the measures taken by the Ensurance Group will be sufficient to detect or prevent data security breaches. Technology advancements may lead to a compromise or even a breach of the technology platform used by the Ensurance Group to protect confidential information. Third parties may attempt to gain unauthorised access to the Ensurance Group's systems (e.g. via "hacking" or malicious software coding) for purposes of misappropriating consumer information.

If successful, security breaches or failures by the Ensurance Group to protect confidential information could result in loss of information integrity, breaches of the Ensurance Group's obligations under applicable privacy or other laws, breach of customer and insurance product provider agreements and website and system outages, each of which may potentially have a material adverse impact on the Ensurance Group's reputation as well as its levels of sales revenue and profitability. In addition, substantial costs may be incurred in order to prevent the occurrence of future security breaches.

(c) **Compliance with future of financial advice legislation**

Should the Company provide financial product advice to retail clients during the course of its business it will have to ensure it complies with the relevant legislative requirements such as the Future of Financial Advice regime (**FOFA**). In particular, the Company will have to ensure that it complies with the conflicted remuneration provisions which limit the manner in which financial advisers may be remunerated.

(d) **Force Majeure**

The Company's operations now or in the future may be adversely affected by risks outside the control of the Company including subversive activities or sabotage, cyber-attacks, online hacking, fires, floods, explosions or other catastrophes or epidemics. A disaster affecting Ensurance Group's systems would cause disruption to the operation of the Ensurance Group's business. An unforeseen event of this nature could cause losses due to Ensurance Group's inability to process policy renewals, endorsements or quotes and/or customer's inability to access the Company's web portal by virtue of the event. The Company continually reviews its disaster recovery procedures and plans to seek to keep them up to date in case of the occurrence of an unforeseen event.

## **8.4 General risks**

(a) **BREXIT**

The decision of Britain to exit the European Union (BREXIT) is currently in the process of being implemented and may adversely affect the financial performance of the Company in the United Kingdom. At this point in time the financial fallout, particularly in the insurance sector, is largely unknown.

(b) **Government policies and legislation**

Changes in relevant taxes, legal and administration regimes, accounting practice and government policies may adversely affect the financial performance of the Company.

Australian and international government legislation is subject to review and change from time to time. Any such change is likely to be beyond the control of the Company and could affect both industry and the Company's profitability. Revenues and operating costs of the Company may be affected by change in international, federal, state, or local government laws, regulations or policies, or in taxation legislation.

Changes or reforms to the regulation of the financial sector may adversely affect the financial performance of the Company and could restrict or complicate the Company's activities and significantly increase its compliance costs.

(c) **Market conditions**

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

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

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

(d) **Insurance**

Insurance against all risks associated with the Company's activities is not always available or affordable. The Company will maintain insurance where it is considered appropriate for its needs. However, it will not be insured against all risks either because appropriate cover is not available or because the Directors consider the required premiums to be excessive having regard to the benefits that would accrue.

(e) **Litigation**

Litigation brought by third parties including but not limited to customers, partners, suppliers, business partners or employees could negatively impact the business, particularly in the case where the impact of such litigation is greater than or outside the scope of the Company's insurance.

(f) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

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

**8.5 Speculative investment**

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

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

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

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## **9. ADDITIONAL INFORMATION**

### **9.1 Litigation**

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

### **9.2 Continuous disclosure obligations**

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

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 of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the annual financial report most recently lodged by the Company with the ASIC;

- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

| Date       | Description of Announcement                           |
|------------|---|
| 25/10/2019 | Notice of Annual General Meeting / Proxy Form         |
| 23/10/2019 | ENA to Undertake Fully Underwritten Entitlement Offer |
| 25/09/2019 | Appendix 4G – Corporate Governance                    |
| 25/09/2019 | Annual report to Shareholders                         |

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website [www.ensurance.com.au](http://www.ensurance.com.au).

### 9.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

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

|         |         |                 |
|---------|---------|-----------------|
| Highest | \$0.025 | 1 August 2019   |
| Lowest  | \$0.016 | 24 October 2019 |
| Last    | \$0.016 | 24 October 2019 |

### 9.4 Material contracts

The following are summaries of the significant terms of the material agreements which relate to the business of the Company.

### 9.5 Underwriting Agreement

By an agreement between the Underwriter and the Company (**Underwriting Agreement**), Blue Ocean Equities Pty Limited has agreed to underwrite the Offer for 252,869,455 Shares (**Underwritten Shares**).

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting commission of 6% of the total amount of Underwritten Shares at the Offer price of \$0.015 per Share.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate their obligations under the Underwriting Agreement if:

(a) **(events not qualified by materiality):**

- (i) unconditional approval to the quotation of all of the Offer Shares on the ASX is refused, not granted or granted subject to any condition which is unacceptable to the Underwriter (acting reasonably) on or before Completion;
- (ii) approval to the official quotation of all of the Offer Shares on the ASX is withdrawn or qualified on a basis which the Underwriter reasonably considers unacceptable before the Allotment Date;
- (iii) the Company ceases to be admitted to the Official List;
- (iv) trading in Shares on the financial market operated by ASX is suspended for 2 consecutive ASX normal trading days without the prior approval of the Underwriter, or the Shares cease to be officially quoted by ASX.
- (v) a statement contained in the Offer Documents is misleading or deceptive, the Offer Documents are defective (having regard, among other things, to the provisions of section 713 of the Corporations Act) or the issue of the Offer Documents is misleading or deceptive;
- (vi) any adverse change occurs in the assets, liabilities, financial position and performance, profits, losses or prospects of the Company and the Group (insofar as the position in relation to an entity in the Group will or may affect the overall position of the Company) including any adverse change in the assets, liabilities, financial position and performance, profits, losses or prospects of the Group from those disclosed in the Public Information as at the date of the Underwriting Agreement;
- (vii) at any time after the issue of the Offer Documents:
  - (A) an event occurs in relation to the Company or the Group (in so far as the position in relation to an entity in the Group will or may affect the overall position of the Company), as set out in sections 652C(1) and (2) of the Corporations Act; or
  - (B) the Company withdraws the Offer Documents or the Company fails to lodge the Prospectus within the time required by the Corporations Act and the Listing Rules to do so;
- (viii) the S&P/ASX All Ordinaries Index closes at a level that is at least 10% below the level of that Index as at the close of trading on the date of the Underwriting Agreement;

- (ix) the Small Ordinaries Index closes at a level that is at least 10% below the level of that Index as at the close of trading on the date of the Underwriting Agreement;
  - (x) a director of the Company is charged with an indictable offence;
  - (xi) ASIC issues an order or indicates an intention to hold a hearing arising out of or in connection with the Offer or ASIC commences an examination of any person or requires any person to produce documents arising out of or in connection with the Offer or the Company under sections 19 or 30 to 33 of the Australian Securities and Investments Commission Act;
  - (xii) an application is made by ASIC for an order under section 1324B of the Corporations Act in relation to the Offer;
  - (xiii) any person (other than the Underwriter) who has previously consented to the inclusion of its name in the Offer Documents withdraws that consent;
  - (xiv) any Insolvency Event occurs in respect of the Company or the Group; or
  - (xv) the Company is prevented from issuing any of the Offer Shares within the time required by the Timetable (unless otherwise agreed to by the Underwriter) or by or in accordance with the ASX Listing Rules, ASX, ASIC, applicable laws, a Government Agency or an order of a court of competent jurisdiction; or
- (b) **(events qualified by materiality):**
- (i) there occurs a contravention by the Company or any entity in the Group of the Corporations Act, its constitution or any of the Listing Rules;
  - (ii) any event specified in the Timetable is delayed for more than 1 Business Day without the prior approval of the Underwriter;
  - (iii) there is a default by the Company in the performance of any of its obligations under the Underwriting Agreement;
  - (iv) a representation or warranty contained in the Underwriting Agreement on the part of the Company is or becomes untrue or incorrect in any material respect and the matters rendering the warranty untrue or incorrect are not remedied to the satisfaction of the Underwriter prior to the issue of the Shortfall Notice;
  - (v) any litigation, arbitration or other legal proceeding is commenced against any entity in the Group;
  - (vi) there is introduced or there is announced a proposal to introduce into the Parliament of Australia or any State of Australia in which the Company offers products or services a new law or any authority of the Commonwealth or any State in which the Company offers products or services adopts or announces a proposal to adopt a new policy, any of which does or is likely to adversely affect the successful promotion of those products or

services or the industry in which the Company conducts its business;

- (vii) there is introduced or there is announced a proposal to introduce into the Parliament of Australia or any State of Australia a new law or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt a new policy, any of which does or is likely to prohibit or regulate, in a materially adverse way, the principal business of the Company, the Offer, capital issues generally or stock markets generally;
- (viii) there occurs any material adverse change or disruption to the financial markets of Australia, the United States of America or other major international financial market, or there occurs any change in national or international political, financial or economic conditions, in each case the effect of which is such as to make it, in the reasonable judgment of the Underwriter, impracticable to market the Offers or to enforce contracts to purchase the Shares or is reasonably likely to materially and adversely affect the success of the Offers;
- (ix) hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, the Commonwealth of Independent States or any of its constituent republics, Canada, Japan, Thailand, Singapore, Malaysia, Hong Kong, North Korea or the Peoples' Republic of China.

The Underwriter may not terminate after the occurrence of an event referred to in clause (b) above unless, in the reasonable opinion of the Underwriter, it:

- (a) has or could reasonably be expected to have, a material adverse effect on:
  - (i) the success of the Offer or the willingness of persons to apply for Offer Shares at the Offer price;
  - (ii) the ability of the Underwriter to market or promote the Offer or the practicability of enforcing contracts to sub-underwrite or subscribe for Offer Shares; or
  - (iii) the price at which Shares are sold on the ASX; or
- (a) could be expected to give rise to:
  - (i) a liability of the Underwriter under the Corporations Act or any other Applicable Law; or
  - (ii) a contravention by the Underwriter of, or the Underwriter being involved in a contravention of, the Corporations Act or any other Applicable Law.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

## 9.6 Lead Manager Mandate

The Company and Blue Ocean Equities Pty Limited have also entered into a mandate whereby Blue Ocean Equities Pty Limited has been appointed to act as Lead Manager to the Offer (**Mandate**). Blue Ocean Equities Pty Limited's role as Lead Manager will be to provide the Company with such assistance in undertaking the Offer as is customary and appropriate in this type of transaction.

The Lead Manager will not receive any additional fees to those set out in Section 9.5 above for services provided pursuant to the Mandate.

The Mandate also contains a number of representations and warranties and indemnities from the Company to the Lead Manager that are considered standard for an agreement of this type.

## 9.7 Interests of Directors

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

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

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

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

### Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

| Director       | Shares     | Partly Paid Shares | Options    | Entitlement under Offer | Convertible Notes | \$      |
|----------------|------------|--------------------|------------|-------------------------|-------------------|---------|
| Tony Leibowitz | 61,159,739 | Nil                | 25,150,000 | 48,927,791              | 1                 | 733,917 |
| Adam Davey     | 3,542,819  | 4,000,000          | 3,000,000  | 2,834,255               | 1                 | 42,514  |
| Tony Wehby     | 1,077,603  | Nil                | 2,000,000  | 862,082                 | Nil               | 12,931  |

The Board recommends all Shareholders take up their Entitlement and advises that:

- (a) Tony Leibowitz's controlled entity, Kalonda, intends on taking up its Entitlement and his controlled entity, Kalonda, has been engaged to sub-underwrite part of the Offer. Refer to Section 5.7(b) for further details.
- (b) Adam Davey's controlled entities intend on taking up their Entitlement and Mr Davey, as trustee for the Shenton Park Investment Account, has been engaged to sub-underwrite part of the Offer. Refer to Section 5.7(c) for further details.
- (c) Subject to receipt of prior Shareholder approval, which will be sought at the Company's upcoming annual general meeting, Tony Wehby proposes to participate in any Shortfall that may arise in respect of the Offer up to an amount of 3,333,333 Shares and 833,333 New Options.

### **Remuneration**

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$250,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

| Director       | Year ending 30 June 2020 (\$) | Year ended 30 June 2019 (\$) |
|----------------|-------------------------------|------------------------------|
| Tony Leibowitz | 197,100                       | 310,811                      |
| Adam Davey     | 54,750                        | 54,750                       |
| Tony Wehby     | 54,750                        | 54,750                       |

Kalonda (an entity controlled by Tony Leibowitz) and Adam Davey, as trustee for the Shenton Park Investment Account will be paid a sub-underwriting fee of 4% in accordance with the terms and conditions set out in each of their sub-underwriting agreements with the Underwriter. The independent Director considers that the 4% sub-underwriting fee is on arms' length commercial terms, as this fee is also payable to non-related party entities who have entered into sub-underwriting agreements.

## 9.8 Interests of experts and advisers

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

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

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

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

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

- (g) the formation or promotion of the Company; or
- (h) the Offer.

Blue Ocean Equities Pty Limited will be paid an underwriting fee of approximately \$227,582. During the 24 months preceding lodgement of this Prospectus with the ASIC, Blue Ocean Equities Pty Limited has not been paid any fees by the Company.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$15,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$133,295 (excluding GST and disbursements) for legal services provided to the Company.

## 9.9 Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its

name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Blue Ocean Equities Pty Limited has given its written consent to being named as Underwriter of and Lead Manager to the Offer in this Prospectus, in the form and context in which it is named.

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

#### **9.10 Expenses of the offer**

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$272,741 (excluding GST) and are expected to be applied towards the items set out in the table below:

|                           | \$             |
|---------------------------|----------------|
| ASIC fees                 | 3,206          |
| ASX fees                  | 12,559         |
| Underwriting fees         | 227,582        |
| Legal fees                | 15,000         |
| Printing and distribution | 4,000          |
| Miscellaneous             | 10,394         |
| <b>Total</b>              | <b>272,741</b> |

#### **9.11 Electronic prospectus**

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 2 8070 1800 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at <http://www.ensurance.com.au/>.

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

#### **9.12 Financial forecasts**

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

#### **9.13 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship**

The Company will not be issuing option certificates. The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker.

Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

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

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

#### **9.14 Privacy Act**

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

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

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**10. DIRECTORS' AUTHORISATION**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



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**Tony Leibowitz**  
**Executive Chairman**  
**For and on behalf of**  
**ENSURANCE LIMITED**

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## 11. GLOSSARY

**\$** means the lawful currency of the Commonwealth of Australia.

**Applicant** means a Shareholder who applies for Shares pursuant to the Offer or a Shareholder or other party who applies for Shortfall Shares pursuant to the Shortfall Offer.

**Application** means an application to subscribe for Shares under this Prospectus.

**Application Form** means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

**Application Monies** means money submitted by Applicants in respect of Applications.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

**ASX Listing Rules** means the listing rules of the ASX.

**ASX Settlement Operating Rules** means the settlement rules of the securities clearing house which operates CHESS.

**Blue Ocean Equities Pty Limited** means Blue Ocean Equities Pty Limited (ACN 151 186 935) (AFSL 412 765).

**Board** means the board of Directors unless the context indicates otherwise.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

**Closing Date** means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

**Company** or **Ensurance** means Ensurance Limited (ACN 148 142 634).

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

**Convertible Note** means a convertible note on issue in the Company as described in the notes to the tables in Section 6.4.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the directors of the Company as at the date of this Prospectus.

**Eligible Shareholder** means a Shareholder of the Company as at the Record Date other than an Ineligible Shareholder.

**Ensurance Group** means the Company and its five subsidiaries, being Ensurance UK, Ensurance Underwriting, Ensurance Capital, Ensurance IT and Ensurance Life.

**Ensurance Capital** means Ensurance Capital Pty Ltd (ACN 158 971 718).

**Ensurance IT** means Ensurance IT Pty Ltd (ACN 090 514 015).

**Ensurance Life** means Ensurance Life Pty Ltd (ACN 602 344 178).

**Ensurance UK** means Ensurance UK Ltd (Company no 10323652).

**Ensurance Underwriting** means Ensurance Underwriting Pty Ltd (ACN 158 973 365).

**Entitlement** means the entitlement of a Shareholder who is eligible to subscribe for Shares under the Offer.

**Entitlement and Acceptance Form** means the entitlement and acceptance form either attached to or accompanying this Prospectus.

**EST** means Australian Eastern Standard Time as observed in Sydney, Australia.

**Ineligible Shareholder** means a Shareholder as at the Record Date whose registered address is not situated in Australia, New Zealand, the United Kingdom, Jersey or Switzerland.

**Lead Manager** means Blue Ocean Equities Pty Limited.

**Offer** means the non-renounceable entitlement issue the subject of this Prospectus.

**Official Quotation** means official quotation on ASX.

**Option** means an option to acquire a Share.

**Performance Right** means a Class A Performance Right or Class B Performance Right with the terms and conditions set out in the notes to the tables in Section 6.4.

**Prospectus** means this prospectus.

**Record Date** means the date specified in the timetable set out at the commencement of this Prospectus.

**Section** means a section of this Prospectus.

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

**Shareholder** means a holder of a Share.

**Shortfall** means the Shares not applied for under the Offer (if any).

**Shortfall Application Form** means the shortfall application form either attached to or accompanying this Prospectus.

**Shortfall Offer** means the offer of the Shortfall on the terms and conditions set out in Section 5.9.

**Shortfall Shares** means those Shares issued pursuant to the Shortfall.

**Underwriter** means Blue Ocean Equities Pty Limited.

**WST** means Western Standard Time as observed in Perth, Western Australia.