



SYNTONIC LIMITED

ACN 123 867 765

PROSPECTUS

For a non-renounceable pro rata entitlement offer of one (1) New Share for every one (1) Share held by Eligible Shareholders at the Record Date at an issue price of \$0.001 (together with one (1) free attaching New Option for every two New Shares issued) to raise approximately \$3.47 million (before costs) (**Entitlement Offer**).

The Entitlement Offer is currently expected to close at 5.00pm (WST) on 6 December 2019. Valid applications must be received before that time. Please read the instructions in this Prospectus and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement under the Entitlement Offer.

The Entitlement Offer is fully underwritten by CPS Capital Group Pty Ltd.

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

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

IMPORTANT INFORMATION

General

This Prospectus is dated, and was lodged with ASIC on 19 November 2019. Neither ASIC, ASX nor their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

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

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

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

No person or entity is authorised to give any information or to make any representation in connection with the Entitlement Offer which is not contained in this Prospectus. Any information or representation not contained in this Prospectus should not be relied on as having been made or authorised by the Company or the Directors in connection with the Entitlement Offer.

Application Forms

The Application Forms accompanying this Prospectus are important.

Acceptance of New Securities under the Entitlement Offer can only be submitted on an Entitlement and Acceptance Form sent with a copy of this Prospectus by the Company. If acceptance is by BPAY[®] there is no need to return an Entitlement and Acceptance Form. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement. Please refer to the instructions in Section 5 regarding the acceptance of your Entitlement and completion of the Entitlement and Acceptance Form.

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

Eligibility

Eligible Shareholders can only take up their Entitlements by completing and returning the Entitlement and Acceptance Form, accompanying this Prospectus. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Entitlement Offer.

Overseas Shareholders

This Prospectus does not, and is not intended to, constitute an offer of Securities in any place or jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer or to issue this Prospectus.

The Entitlement Offer is not being extended, and New Securities will not be issued, to Shareholders with a registered address which is outside Australia or New Zealand. It is not practicable for the Company to comply with the securities laws of overseas jurisdictions (other than those mentioned above) having regard to the number of overseas Shareholders, the number and value of New Securities these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

No action has been taken to permit the offer of New Securities to existing Shareholders in any jurisdiction other than Australia and New Zealand. The distribution of this Prospectus in jurisdictions outside those jurisdictions is restricted by law and persons outside of those jurisdictions should observe such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

Continuously Quoted Securities

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

Exposure Period

No exposure period applies to the Entitlement Offer.

Speculative Investment

An investment in the New Securities should be considered highly speculative. Refer to Section 6 for details of the key risks applicable to an investment in the Company.

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

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

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

Forward-looking Statements

This Prospectus contains forward-looking statements which may be identified by words such as 'believes', 'estimates', 'expects', 'intends', 'may', 'will', 'would', 'could', or 'should' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management of the Company. Key risks associated with an investment in the Company are detailed in Section 6. These and other factors could cause actual results to differ materially from those expressed in any forward-looking statements.

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

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

Website

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

Currency

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

Rounding

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

Time

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

Glossary

Defined terms and abbreviations used in this Prospectus are detailed in the glossary of terms in Section 9.

CORPORATE DIRECTORY

Directors

Gary Greenbaum Managing Director & CEO
Rahul Agarwal Executive Director, President & CTO
Steven Elfman Non-Executive Chairman
David Wheeler Non-Executive Director

Company Secretary

Steven Wood Joint Company Secretary
Edward Meagher Joint Company Secretary

Registered Office

945 Wellington Street
West Perth WA 6005
Tel: +61 8 9322 7600
Fax: +61 8 9322 7602
Email: ir@syntonic.com
Website: <https://syntonic.com/>

ASX Code

SYT

Share Registry

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
Perth WA 6000
Phone (within Australia): 1300 850 505
Phone (outside Australia): +61 3 9415 4000

Auditors

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

Lawyers

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

Home Exchange

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

INDICATIVE TIMETABLE FOR ENTITLEMENT OFFER

| Event | Indicative Date |
|--|------------------|
| Lodgement of Prospectus with ASIC and ASX | 19 November 2019 |
| Company sends letters to Option holders | 19 November 2019 |
| Company sends letters to Eligible Shareholders and Ineligible Shareholders | 21 November 2019 |
| 'Ex' Date | 22 November 2019 |
| Record Date (at 5:00pm WST) | 25 November 2019 |
| Prospectus and Entitlement and Acceptance Form dispatched to Eligible Shareholders | 27 November 2019 |
| Entitlement Offer Opening Date | 27 November 2019 |
| Last day to extend the Entitlement Offer Closing Date | 3 December 2019 |
| Entitlement Offer Closing Date (at 5:00pm WST) | 6 December 2019 |
| Securities quoted on a deferred settlement basis | 9 December 2019 |
| Shortfall Notification Date | 9 December 2019 |
| Issue of New Securities and Deferred Settlement Trading Ends | 10 December 2019 |
| Anticipated date for despatch of holding statements for New Securities | 11 December 2019 |
| Anticipated trading of New Shares on ASX commences | 11 December 2019 |

The above timetable is indicative only and subject to change. Subject to the Listing Rules, the Directors reserve the right to vary these dates, including the Closing Date, without prior notice. Any extension of the Closing Date will have a consequential effect on the anticipated date for issue of the New Securities. The Directors also reserve the right not to proceed with the whole or part of the Entitlement Offer at any time prior to allotment. In that event, the relevant Application Monies will be returned without interest.

LETTER FROM THE CHAIRMAN

Dear Shareholder

On behalf of the Board, I am pleased to present this Prospectus for Syntonic Limited's (**Syntonic or Company**) Entitlement Offer to Shareholders.

The Entitlement Offer is a non-renounceable pro rata entitlement offer of one (1) New Share for every one (1) Share held by Eligible Shareholders at the Record Date at an issue price of \$0.001 (together with one (1) free attaching New Option for every two New Shares issued) to raise approximately \$3.47 million (before costs). The Entitlement Offer is made to all Shareholders with a registered address in Australia and New Zealand on the Record Date, being 25 November 2019.

Shareholders may apply for New Securities in excess of their full entitlement under the Entitlement Offer. The Company has appointed CPS Capital Group Pty Ltd as underwriter of Shortfall (if any). Any shortfall securities applied for by Eligible Shareholders will be issued in priority to those Eligible Shareholders, followed by CPS Capital Group Pty Ltd (and/or its nominees).

The Company intends to utilise the funds raised from the Entitlement Offer for a variety of purposes including:

- (a) **Obsidian Payment:** repayment of US\$750,000 to Obsidian in respect to its Convertible Notes (refer to Section 2.3 for further details);
- (b) **Loan Facility:** repayment of \$750,000 to Pentin Pty Ltd in respect to the short-term loan facility with Pentin Pty Ltd, an unrelated third party, to provide immediate working capital to the Company (refer to Section 2.3 for further details);
- (c) **Customer Acquisition and Retention:** sales and marketing of premium content offers supported by the Syntonic RGP, particularly in markets where the Company has an established presence, such as Brazil, Mexico, Vietnam, the Philippines and South Africa;
- (d) **Product Development and Technical Support:** integration of the Syntonic RGP within carrier direct-carrier-billing systems and supporting content providers to market, distribute and sell their content offers using the Syntonic RGP; and
- (e) ongoing working capital requirements.

Further information about the Company and its operations is contained in publically available documents lodged by the Company with the ASIC and ASX. This Prospectus should be read in conjunction with this material.

There are a number of risks associated with investing in the share market generally and the Company specifically. The Securities must be regarded as highly speculative. Investors should read this Prospectus in its entirety before deciding to invest and in particular, consider the risks detailed in Section 6.

On behalf of the Board, I would like to thank you for considering the Entitlement Offer. We greatly appreciate your continued support.

Yours faithfully



Steven Elfman
Non-Executive Chairman

TABLE OF CONTENTS

| Section | Page No |
|--|----------------|
| 1. Investment Overview..... | 1 |
| 2. Details of the Entitlement Offer | 5 |
| 3. Underwriting Arrangements and Effect on Control | 12 |
| 4. Effect of the Entitlement Offer | 18 |
| 5. Action required by Entitlement Offer and Shortfall Offer Applicants | 20 |
| 6. Risks..... | 24 |
| 7. Additional information..... | 30 |
| 8. Authorisation | 40 |
| 9. Glossary | 41 |

1. Investment Overview

| Topic | Summary | Further information |
|---|--|---------------------|
| What is the Entitlement Offer? | One (1) New Share for every one (1) Share held by Eligible Shareholders on the Record Date at an issue price of \$0.001 per New Share (together with one (1) free attaching New Option (exercise price of \$0.002, expiring 31 December 2022) for every two (2) New Shares issued). | Section 2.1 |
| What is the purpose of the Entitlement Offer? | <p>The purpose of the Entitlement Offer is to raise approximately \$3.47 million (before costs). Net proceeds from the Entitlement Offer will be utilised for the following:</p> <ul style="list-style-type: none">• repayment of US\$750,000 to Obsidian in respect to its Convertible Notes (refer to Section 2.3 for further details);• repayment of \$750,000 to Pentin Pty Ltd in respect to the short-term loan facility with Pentin Pty Ltd, an unrelated third party, to provide immediate working capital to the Company (refer to Section 2.3 for further details);• sales and marketing of premium content offers supported by the Syntonic RGP, particularly in markets where the Company has an established presence, such as Brazil, Mexico, Vietnam, the Philippines and South Africa;• integration of the Syntonic RGP within carrier direct-carrier-billing systems and supporting content providers to market, distribute and sell their content offers using the Syntonic RGP; and• ongoing working capital requirements. | Section 2.3 |
| What are the key risks associated with an investment in the Company? | <p>Some of the key risks of investing in the Company are detailed below. The list of risks is not exhaustive and further details of these risks and other risks associated with an investment in the Company are detailed in Section 6.</p> <p>In undertaking its business activities, the Company will be exposed to risks, which include, but are not limited to:</p> <ul style="list-style-type: none">• Implementation of New Business Strategy: The Company has recently adopted and implemented a new strategy and business focus to overcome the Company currently operating on a cash flow negative basis. The Company considers the impact of this strategic shift to be two-fold. Firstly, it significantly reduces Syntonic's engineering costs, specifically related to carrier integration, testing, and customisation and secondly, it provides Syntonic with more control over its business performance, enabling it to transact with consumers rather than licensing technology to mobile carriers. However, there are risks inherent to the new business strategy and there is no certainty that this new strategy will be successful.• Competition and New Technologies: The industry in which the Company is involved is subject to increasing domestic and global competition which is fast-paced and fast-changing. While the Company undertakes all | Section 6 |

| Topic | Summary | Further information |
|--|---|---------------------|
| | <p>reasonable due diligence in its business decisions and operations, the Company has no influence or control over the activities or actions of its competitors, whose activities or actions may positively or negatively affect the operating and financial performance of the Company's projects and business.</p> <ul style="list-style-type: none"> <li data-bbox="475 450 1204 875">• Future Capital Needs and Additional Funding: The future capital requirements of the Company will depend on many factors including its business development activities. Although the Company's available cash is adequate to fund its business development activities, business plan and other Company objectives in the near term, changes to operational requirements, market conditions and business opportunities may mean further funding is required by the Company at an earlier stage than is currently anticipated. No assurances can be given that the Company will be able to raise the additional funding that will be required for such activities which may be a combination of debt and/or equity financing. <li data-bbox="475 909 1204 1361">• Customer Acquisition and Retention: The Company's revenue is affected by its ability to attract and retain customers to the subscription content offerings supported by the Syntonic Revenue Generation Platform™ (RGP). Various factors can affect the level of customers sales: <ul style="list-style-type: none"> <li data-bbox="531 1122 1204 1272">○ Marketing and promotions: If the Company's marketing and promotion efforts are not effective, this may result in fewer customer transactions, higher customer conversation costs, and lower profit margins; and <li data-bbox="531 1279 1204 1361">○ Brand damage: If the Company suffers from reputational damage, customer adoption could be affected. <p>Accordingly, there is no guarantee that the Company's customer marketing strategies will be successful to achieve a sizeable take up rate of its content offerings.</p> <li data-bbox="475 1525 1204 1794">• Currency Risks: The principal markets in which the Company has, and plans subsequent, deployments of its RGP are in emerging economies, such as Latin America, Africa, and Southeast Asia. These markets tend to have less stable currencies compared to developed markets which can result in higher uncertainty in the Australian denominated value of the local revenues received, impacting the performance of the Company | |
| What is the effect of the Entitlement Offer on the Company? | 3,472,032,756 New Shares and 1,736,016,378 New Options (assuming that no existing Options are exercised and no Convertible Notes are converted before the Record Date). | Section 4.1 |

| Topic | Summary | Further information |
|---|--|---------------------|
| What is the effect of the Entitlement Offer on control of the Company? | <p>Shareholders who do not participate in the Entitlement Offer may have their shareholding diluted by up to a maximum of 50% (on an undiluted basis). This is based on the following assumptions:</p> <ul style="list-style-type: none"> (a) the Entitlement Offer is fully subscribed by all other Shareholders; and (b) all Shortfall Shares are placed as per the Shortfall allocation policy detailed in Section 2.7. | Section 3.2 |
| Who can participate in the Entitlement Offer? | Eligible Shareholders, being Shareholders with a registered address in Australia or New Zealand on the Record Date may participate in the Entitlement Offer. | Section 2.1 |
| Is the Entitlement Offer subject to a minimum subscription? | No. | Section 2.4 |
| Can I subscribe for more than my Entitlement? | <p>Yes, if you take up your Entitlement in full, you can apply for additional New Securities under the Shortfall Offer. There is no limit to the amount of New Securities you may subscribe for under the Shortfall Offer.</p> <p>The allocation of additional New Securities applied for under the Shortfall Offer will be subject to the Shortfall (if any) that exists.</p> | Section 5 |
| How will Shortfall be allocated? | <p>Unless otherwise agreed between the Company and the Underwriter, the Shortfall Shares will be allocated according to the following priority:</p> <ul style="list-style-type: none"> (a) to each Eligible Shareholder that has applied for Shortfall Shares through the Shortfall Offer; (b) investors who apply for Shortfall Shares following an invitation from the Company and the Underwriter; and (c) if following the allocation in paragraph (a) and (b) there remains unallocated Shortfall Securities, the Shortfall Securities will be allocated to the Underwriter, in accordance with the Underwriting Agreement. <p>Eligible Shareholders may apply for Shortfall Securities by completing the relevant section of their Entitlement and Acceptance Form.</p> <p>Investors may apply for Shortfall Securities by completing a Shortfall Application Form.</p> | Section 2.8 |
| Is the Entitlement Offer underwritten? | <p>The Entitlement Offer is fully underwritten by CPS Capital Group Pty Ltd (the Underwriter).</p> <p>Under the Underwriting Agreement and Mandate, in consideration for the Underwriter's commitment, the Company has agreed to pay the Underwriter the following:</p> <ul style="list-style-type: none"> (a) an execution fee of \$25,000; (b) an underwriting fee of 4% of the total raised under the Entitlement Offer (being approximately \$138,881); (c) a management fee of 2% of the total raised under the Entitlement Offer (being approximately \$69,440); (d) subject to the Company obtaining Shareholder approval, 750,000,000 Options exercisable at \$0.002 with an expiry date of 31 December 2022; and | Section 3.1 |

| Topic | Summary | Further information |
|---|--|---------------------|
| | (e) a monthly corporate advisory fee of \$10,000 for a minimum of twelve months. | |
| How do I accept my Entitlement? | All Eligible Shareholders are entitled to participate in the Entitlement Offer. If you wish to accept all or part of your Entitlement, you must complete your Entitlement and Acceptance Form that accompanies this Prospectus and send it to the Share Registry together with payment by cheque, bank draft or money order or follow the instructions to pay via BPAY®. | Section 5 |
| Can I sell or transfer my Entitlement under the Entitlement Offer? | No, as the Entitlement Offer is non-renounceable, you cannot sell or transfer any of your Entitlement. There will be no trading of Entitlements on ASX. | Section 5 |
| Enquiries concerning Prospectus | Enquiries relating to this Prospectus should be directed to the Company Secretary on + 61 8 9322 7600 | Section 2.21 |

2. Details of the Entitlement Offer

2.1 Entitlement Offer

The Entitlement Offer is a non-renounceable pro rata entitlement offer of one (1) New Share for every one (1) Share held by Eligible Shareholders at the Record Date at an issue price of \$0.001 (together with one free attaching New Option (exercise price of \$0.002, expiring 31 December 2022) for every 2 New Shares issued) to raise approximately \$3.47 million (before costs).

Under this Prospectus, Eligible Shareholders, being Shareholders on the Record Date with a registered address in Australia or New Zealand, are eligible to participate in the Entitlement Offer.

As at the date of this Prospectus, the Company has on issue:

| Class | Number |
|-------------------|--------------------------|
| Shares | 3,472,032,756 |
| Options | 336,426,437 ¹ |
| Convertible Notes | 670,000 ² |

Note:

- Comprised of:
 - 15,000,000 unlisted broker Options with an exercise price of \$0.06 expiring on 24 November 2019,
 - 15,000,000 unlisted incentive stock Options with an exercise price of \$0.03 expiring on 28 February 2027,
 - 133,333,333 unlisted broker Options with an exercise price of \$0.03 expiring on 31 December 2020,
 - 17,286,763 unlisted incentive stock Options with an exercise price of \$0.014 expiring on 6 July 2028,
 - 43,638,984 unlisted Options with an exercise price of \$0.012 expiring on 16 October 2023,
 - 97,167,357 unlisted incentive stock Options with an exercise price of \$0.009 expiring on 14 November 2028,
 - 5,000,000 unlisted incentive stock Options with an exercise price of \$0.02 expiring on 1 January 2024; and
 - 10,000,000 unlisted incentive stock Options with an exercise price of \$0.04 expiring on 1 January 2024.
- The Convertible Notes will be cancelled in accordance with the Obsidian Agreement and Obsidian has agreed that it will not participate in the Entitlement Offer.

The holders of existing Options will not be entitled to participate in the Entitlement Offer without first exercising their Options.

The holder of the Convertible Notes, Obsidian Global Partners, LLC (**Obsidian**), has agreed that it will not participate in the Entitlement Offer.

Assuming no Options or Convertible Notes are exercised before the Record Date, 3,472,032,756 New Shares and 1,736,016,378 New Options may be issued under the Entitlement Offer (subject to rounding).

Where the determination of the Entitlement of any Shareholder results in a fraction of a New Share or New Option, such fraction will be rounded up to the nearest whole New Share or New Option.

All of the New Shares will rank equally with the Shares on issue at the date of this Prospectus. All Shares issued on the conversion of the New Options will rank equally with the Shares on issue at the date of this Prospectus. Refer to Section 7.7 for a summary of the rights attaching to New Shares.

2.2 Purpose of the Prospectus

The purpose of this Prospectus is to:

- make the Entitlement Offer;
- ensure that the on-sale of New Options do not breach section 707(3) of the Corporations Act;

- (c) ensure that the on-sale of the underlying Shares to be issued upon the exercise of the New Options is in accordance with ASIC Corporations Instrument 2016/80.

2.3 Reasons for the Entitlement Offer and Funding Allocation

Completion of the Entitlement Offer will result in an increase in cash in hand of approximately \$3.47 million (before associated costs, assuming no Options or Convertible Notes are converted prior to the Record Date).

The main purpose of the Entitlement Offer is to raise funds for:

- (a) **Obsidian Payment:** repayment of US\$750,000 to Obsidian in respect to its Convertible Notes. The Company and Obsidian have entered into an agreement pursuant to which the Company will cancel the existing convertible notes issued to Obsidian (**Obsidian Agreement**) in full and final settlement of the Company's outstanding debt to Obsidian (refer to ASX announcement of 3 April 2019 for further details regarding the Convertible Notes);
- (b) **Loan Facility:** repayment of \$750,000 to Pentin Pty Ltd in respect to the short-term loan facility with Pentin Pty Ltd, an unrelated third party, provided in immediate working capital to the Company (**Loan Amount**);
- (c) **Customer Acquisition and Retention:** sales and marketing of premium content offers supported by the Syntonic RGP, particularly in markets where the Company has an established presence, such as Brazil, Mexico, Vietnam, the Philippines and South Africa;
- (d) **Product Development and Technical Support:** including integration of the Syntonic RGP within carrier direct-carrier-billing systems and supporting content providers to market, distribute and sell their content offers using the Syntonic RGP; and
- (e) ongoing working capital requirements.

The Company intends to apply the funds raised from the Entitlement Offer as follows:

| Description | (\$) |
|---|------------------|
| Obsidian Payment | 1,094,069 |
| Repayment of the Loan Amount | 786,500 |
| Customer Acquisition and Retention Activities | 352,958 |
| Product Development and Technical Support | 460,961 |
| Cost of the Offer | 276,559 |
| Ongoing Working Capital Requirements | 500,986 |
| Total | 3,472,033 |

The above table is a statement of the Board's current intentions as at the date of this Prospectus. However, Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

2.4 No rights trading

The rights to New Securities under the Entitlement Offer are non-renounceable. Accordingly, there will be no trading of rights on ASX and you may not dispose of your rights to subscribe for New Securities under the Entitlement Offer to any other party. If you do not take up your Entitlement to New Securities under the Entitlement Offer by the Entitlement Offer Closing Date, your Entitlement will lapse.

2.5 Minimum Subscription

There is no minimum subscription for the Entitlement Offer.

2.6 Opening and Closing Dates

The Company will accept Entitlement and Acceptance Forms in respect of the Entitlement Offer from Applicants from the Opening Date until 5.00pm (WST) on the Closing Date or such other date as the Directors in their absolute discretion shall determine, subject to the Listing Rules.

Please note that payments made by BPAY[®] must be received no later than 5.00pm (WST) on the Closing Date. It is the responsibility of all Applicants to ensure that their BPAY[®] payments are received by the Company on or before the Closing Date.

The Company reserves the right, subject to the Corporations Act and the Listing Rules, to extend the Closing Date of the Entitlement Offer without prior notice. If the Closing Date is varied, subsequent dates may also be varied accordingly.

2.7 Shortfall Allocation Policy

If there is a Shortfall, the Company will allocate Shortfall Shares according to the following priority:

- (a) to Eligible Shareholders that have applied for Shortfall Securities through the Shortfall Offer;
- (b) investors who apply for Shortfall Securities following an invitation from the Company and the Underwriter; and
- (c) if following the allocation in paragraph (a) and (b) there remains unallocated Shortfall Securities, the Shortfall Securities will be allocated to the Underwriter (and any sub-underwriters), in accordance with the Underwriting Agreement.

2.8 Shortfall Offer

Any New Securities under the Entitlement Offer that are not applied for will form the Shortfall Shares. The offer to issue Shortfall Securities is a separate offer under this Prospectus (**Shortfall Offer**).

Under this Prospectus, the Company offers to issue the Shortfall Securities to investors and Eligible Shareholders at the same price of \$0.001 per New Share as that offered under the Entitlement Offer (together with one free attaching New Option for two New Shares subscribed for and issued). The Shortfall Shares will have the same rights as the New Shares as detailed in Section 7.7. The Shortfall Options will have the same rights as the New Options as detailed in Section 7.8.

Eligible Shareholders may apply for Shortfall Securities by completing the relevant section of their Entitlement and Acceptance Form (refer to Section 5 for further details). Other investors may also apply for Shortfall Securities by completing the Shortfall Application Form upon invitation from the Company and the Underwriter (refer to Section 5.3).

An Application for Shortfall Securities accompanied by payment of Application Monies does not guarantee the allotment of any Shortfall Securities.

The Shortfall Securities will be allocated to Eligible Shareholders following the Closing Date and these Shortfall Securities will be issued in accordance with the Shortfall allocation policy detailed in Section 2.7.

The Shortfall Shares will be allocated and issued within three months after the Closing Date.

In relation to the Shortfall Offer, the Company reserves the right to issue to an Applicant a lesser number of Shortfall Securities than the number applied for, reject an Application or not proceed with the issuing of the Shortfall Securities or part thereof. If the number of Shortfall Securities issued is less than the number applied for, surplus Application Monies will be refunded in full. Interest will not be paid on Application Monies refunded.

The Shortfall allocation policy has been structured to allow each Eligible Shareholder to participate in priority to the Underwriter (and any sub-underwriters) to try to reduce the number of New Securities that may be issued to the Underwriter (and any sub-underwriters).

2.9 Risks of the Entitlement Offer

As with any securities investment, there are risks associated with investing in the Company. However, having regard to the risks applicable to the Company and its business detailed in Section 6, Eligible Shareholders should be aware that an investment in the New Securities offered under this Prospectus should be considered highly speculative and there exists a risk that you may, in the future, lose some or all of the value of your investment.

Before deciding to invest in the Company, investors should read this Prospectus in its entirety, in particular the specific risks associated with an investment in the Company (detailed in Section 6), and should consider all factors in light of their personal circumstances and seek appropriate professional advice.

2.10 Application Forms and BPAY® Payments

(a) Entitlement Offer

Acceptance of a completed Application Form, or alternatively, a BPAY® payment, by the Company creates a legally binding contract between the Applicant and the Company for the number of New Securities accepted by the Company. The Application Forms do not need to be signed to be a binding acceptance of Shares.

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

A personalised Entitlement and Acceptance Form will be issued to the Eligible Shareholders together with a copy of this Prospectus.

(b) Shortfall Offer

A Shortfall Application Form will be provided to certain persons wishing to participate in the Shortfall upon invitation from the Company. Acceptance of a completed Shortfall Application Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Shortfall Securities accepted by the Company. The Shortfall Application Form does not need to be signed to be a binding acceptance of Shortfall Securities.

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

A Shortfall Application Form will be issued to certain investors together with a copy of the Prospectus.

2.11 Issue and Dispatch

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

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

Shortfall Securities may be issued within three months after the Closing Date.

2.12 Application Monies held on trust

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

2.13 ASX quotation

Application will be made to ASX no later than seven days after the date of this Prospectus for Official Quotation of the New Shares offered under this Prospectus. If ASX does not grant Official Quotation of the New Shares within three months after the date of this Prospectus (or such period as the ASX allows), no New Shares will be issued or allotted under the Entitlement Offer and the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may grant Official Quotation is not to be taken in any way as an indication of the merits of the Company or the Shares.

2.14 Withdrawal

The Directors may at any time decide to withdraw this Prospectus and the Entitlement Offer, in which case, the Company will return all Application Monies (without interest) in accordance with the Corporations Act.

2.15 CHESS

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

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

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

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

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by the Share Registry and will contain the number of Shares issued to you under this Prospectus and your security holder reference number.

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

2.16 Ineligible Shareholders

The Entitlement Offer is not being extended to Shareholders whose registered address is outside Australia or New Zealand (**Ineligible Shareholders**). The Company is of the view that it is unreasonable to make the Entitlement Offer to Shareholders outside of Australia or New Zealand, having regard to:

- (a) the number of those Shareholders;
- (b) the number and value of Shares to be offered to those persons; and
- (c) the cost of complying with overseas legal requirements.

This Prospectus and accompanying Application Forms do not, nor are they intended to, constitute an offer in any place in which, or to any person to whom, it would not be lawful to make the Entitlement Offer.

The Company is not required to make offers under this Prospectus to Shareholders other than in Australia or New Zealand. Where this Prospectus has been dispatched to Shareholders domiciled outside Australia or New Zealand and where this country's securities code or legislation prohibits or restricts in any way the making of the Entitlement Offer and Shortfall Offer, this Prospectus is provided for information purposes only.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up Entitlements under the Entitlement Offer does not breach regulations in the relevant overseas jurisdiction. 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.

In order for Eligible Shareholders to be permitted to subscribe for New Shares (to the maximum extent of their full Entitlement) under the Entitlement Offer and for the Underwriter to underwrite the Entitlement Offer, even if to do so would result in such persons acquiring a relevant interest exceeding 20% of the issued share capital of the Company (on a post Entitlement Offer basis), the Company must comply with section 615 of the Corporations Act. In order to comply with section 615 of the Corporations Act, the Company will appoint a nominee approved by ASIC (**Nominee**) to sell the New Securities that Ineligible Shareholders would have been entitled to and sell them on their behalf.

The Company has sought approval from ASIC to appoint CPS Capital Group Pty Ltd as Nominee for the purposes of section 615 of the Corporations Act to sell the New Securities which would otherwise have been available to Ineligible Shareholders had they been eligible to participate in the Entitlement Offer.

The nominee sale procedure will be implemented in accordance with section 615 of the Corporations Act as follows:

- (a) the Company will issue to the Nominee the New Securities that Ineligible Shareholders would be entitled to if they were eligible to participate in the Entitlement Offer (**Nominee Securities**);
- (b) the Nominee will then sell the Nominee Securities at a price and otherwise in a manner and at such time as determined by the Nominee in its absolute and sole discretion; and
- (c) the net proceeds of the sale of the Nominee Securities (after deducting the costs of sale including brokerage and commission), if any, will be distributed to the Ineligible Shareholders for whose benefit the New Securities are sold in proportion to their shareholdings as at the Record Date.

If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company. Accordingly, there is a possibility that Ineligible Shareholders may receive no net proceeds if the costs of the sale of the Nominee Securities are greater than the sale proceeds. The Company and

the Nominee will not be held liable for a failure to obtain any net proceeds, or for the sale of any the Nominee Securities at any particular price or the timing of such sale.

You should note that the Entitlement Offer remains subject to ASIC's approval of the Company's application to appoint the Nominee. The Company sees no reason why such approval should not be obtained, however, there is no guarantee that it will be obtained. If the approval is not obtained, the Company will either seek to appoint another nominee or the Entitlement Offer will not proceed in its current form and the Company will need to reconsider its options at that time. The Company will keep the market informed in the event that its application is not approved.

2.17 Taxation Implications

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

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. Applicants should consult their own professional tax adviser to obtain advice in relation to the taxation laws, regulations and implications applicable to their personal circumstances.

2.18 Major Activities and Financial Information

A summary of the major activities and financial information relating to the Company for the financial year ended 30 June 2019 is contained in the Annual Report which is available on the Company's website at: <https://syntonic.com/investor-relations/>.

A summary of the major activities and financial information relating to the Company for the half year ended 31 December 2018 is contained in the Half Yearly Report which is available on the Company's website at: <https://syntonic.com/investor-relations/>.

The Company's continuous disclosure notices (i.e. ASX announcements) since the lodgement of its Annual Report for the year ended 30 June 2019 with ASX on 30 September 2019 are detailed in Section 7.

Copies of these documents are available free of charge from the Company or the Company's website: <https://syntonic.com/investor-relations/>. Directors strongly recommend that Applicants review these and all other announcements prior to deciding whether or not to participate in the Entitlement Offer.

2.19 Privacy

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

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

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

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

2.20 Enquiries concerning Prospectus

Any questions in relation to this Prospectus should be directed to the Company Secretary by telephone on +61 8 9322 7600.

3. Underwriting Arrangements and Effect on Control

3.1 Underwriting

The Entitlement Offer is fully underwritten by CPS Capital Group Pty Ltd (the **Underwriter**) pursuant to a mandate (**Mandate**) and an underwriting agreement with the Company (**Underwriting Agreement**).

Pursuant to the terms of the Underwriting Agreement, the Underwriter agrees to underwrite the total amount raised under the Entitlement Offer (being approximately \$3.47 million). Refer to Section 2.7 for details in respect to the Shortfall allocation policy.

Customary with these types of agreements:

- (a) Syntonic and the Underwriter have given certain representations and warranties in connection with (amongst other things) the Entitlement Offer; and
- (b) subject to certain exceptions, the Company has agreed to indemnify and keep indemnified the Underwriter and its directors, officers, employees and agents against all claims, demands, expenses and liabilities arising out of or in connection with the Entitlement Offer.

The Underwriter is obliged to subscribe for the underwritten Shortfall Securities within 3 Business Days of the Shortfall Notification Date.

The Company understands that the Underwriter will endeavour to procure sub-underwriting commitments for all or part of the underwritten Shortfall Securities.

In connection with the Mandate and the Underwriting Agreement, the Underwriter will also receive:

- (a) an execution fee of \$25,000;
- (b) an underwriting fee of 4% of the total raised under the Entitlement Offer (being approximately \$138,881);
- (c) a management fee of 2% of the total raised under the Entitlement Offer (being approximately \$69,440);
- (d) subject to the Company obtaining Shareholder approval, 750,000,000 Options exercisable at \$0.002, with an expiry date of 31 December 2022; and
- (e) a monthly corporate advisory fee of \$10,000 for a minimum term of twelve months.

The Underwriter may terminate the Underwriting Agreement upon the occurrence of any of the following events:

- (a) any of the following indexes closes on any 2 consecutive trading days before the Shortfall Notification Date 3% or more below its respective level as at the close of business on the business day prior to the date the Underwriting Agreement was executed:
 - (i) Dow Jones;
 - (ii) S&P 500;
 - (iii) Nasdaq;
 - (iv) Russell 2000;
 - (v) FTSE;

- (vi) Nikkei; or
- (vii) Shanghai SE Comp
- (b) the Entitlement Offer is withdrawn by the Company;
- (c) the Company fails to lodge an Appendix 3B in relation to the Shortfall Securities within 7 days of the close of the Entitlement Offer;
- (d) the Company is prevented from issuing the underwritten Shares within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules or any other statute, regulation or order of a court or competent jurisdiction by ASIC, ASX or any governmental agency or authority;
- (e) the Takeovers Panel makes a declaration that circumstances in respect to the Company are materially adverse in the opinion of the Underwriter and unacceptable under part 6.10 of the Corporations Act;
- (f) any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or amended in a manner unacceptable to the Underwriter acting reasonably;
- (g) a member of the Board is charged with an indictable offence, which in the opinion of the Underwriter is likely to have a materially adverse effect on the Entitlement Offer;
- (h) there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) in a number of countries including Australia, New Zealand, the United States of America, Egypt, Iran, Russia, any member of the European Union and the Underwriter believes it will result in any of the indexes stipulated in (a) falling by the percentage contemplated by (a);
- (i) by default or breach by the Company of the Underwriting Agreement of any terms, condition, covenant or undertaking which is incapable of remedy or is not remedied by the date that applications for Shortfall Shares are required to be lodged by;
- (j) any representation, warranty or undertaking given by the Company in the Underwriting Agreement becomes untrue or incorrect in a material respect;
- (k) contravention of the Company constitution, the Corporations Act, the Listing Rules or any other applicable legislation or policy or requirement of ASIC or ASX;
- (l) an event occurs which gives rise to a material adverse change in relation to the Company's assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations;
- (m) a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (n) the Company makes a public statement in the Entitlement Offer (other than which is required by the Corporations Act or the Listing Rules) without the prior approval of the Underwriter;
- (o) without the prior approval of the Underwriter, a public statement is made by the Company in relation to the Entitlement Offer or the Prospectus other than a statement the Company is required to make in order to comply with its disclosure obligations under the Listing Rules or the Corporations Act;
- (p) any information supplied by the Company or an person on its behalf to the Underwriter regarding the Entitlement Offer becomes misleading or likely to mislead or deceive;
- (q) the Company's official quotation is conditional or qualified;

- (r) there is introduced, or there is a public announcement of a proposal to introduce a new or major change in existing monetary, taxation, exchange or fiscal policy in Australian law following execution of the Underwriting Agreement;
- (s) there is a substantial change in the share capital of the Company, or the Company agrees to issue or issues convertible notes, or to dispose the whole of, or a substantial part of the Company;
- (t) the Company executes a deed of company arrangement;
- (u) the Company suspends payment of its debts generally;
- (v) the Company becomes insolvent;
- (w) a judgement in an amount exceeding \$50,000 is obtained against the Company;
- (x) litigation, arbitration, administrative or industrial proceedings are commenced against the Company;
- (y) there is change to the composition of the Board before the date of issue of the Shortfall Securities without the prior consent of the Underwriter;
- (z) there is a material change to the substantial shareholdings of the Company (other than is disclosed in the Prospectus) or a takeover offer or scheme of arrangement is announced in relation to the Company;
- (aa) the timetable for the Entitlement Offer is delayed for more than 5 Business Days;
- (bb) a Force Majeure affecting the Company's business lasting in excess of 7 days occurs;
- (cc) the Company passes a resolution under section 254N, 257A or 260B of the Corporations Act or a resolution to amend its constitution without the prior consent of the Underwriter;
- (dd) any contracts the Company has disclosed to the ASX are terminated or substantially modified;
- (ee) ASIC undertakes an investigation or proceedings in connection with the Entitlement Offer or the Prospectus;
- (ff) a suspension or material limitation in trading generally on ASX occurs or any material adverse change occurs in existing financial markets or conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets;

The Underwriter will be reimbursed for reasonable expenses incurred in undertaking its role as Underwriter in the Entitlement Offer.

Pursuant to the Mandate, the Underwriter has exercised its right to nominate a Director to join the Board, namely, David Wheeler.

3.2 Dilution and effect on control of the Company

(a) Potential Dilution Effect

Shareholders should note that if they do not participate in the Entitlement Offer, their holdings will be diluted. Examples of how the dilution may impact Shareholders are detailed in the table below:

| Shareholder | Shareholding as at Record Date | % at Record Date | Entitlements under the Entitlement Offer | Shareholdings if Entitlement Offer not taken up | % post Entitlement Offer ⁽¹⁾ |
|---------------|--------------------------------|------------------|--|---|---|
| Shareholder 1 | 1,000,000 | 0.028% | 1,000,000 | 1,000,000 | 0.014% |
| Shareholder 2 | 10,000,000 | 0.28% | 10,000,000 | 10,000,000 | 0.14% |
| Shareholder 3 | 100,000,000 | 2.88% | 100,000,000 | 100,000,000 | 1.44% |
| Shareholder 4 | 1,000,000,000 | 28.80% | 1,000,000,000 | 1,000,000,000 | 14.40% |

Notes:

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 or taken up by the Underwriter.

(b) Current Substantial Shareholders

As at the date of this Prospectus, the Company has the following substantial Shareholders:

| Shareholder | Number of Shares Held | Share Held |
|--|-----------------------|------------|
| Lindfield Nominee Services Pty Ltd <Gary Greenbaum> Mr David Garry <Gary Greenbaum A/C> | 552,528,061 | 15.91% |
| Lindfield Nominee Services Pty Ltd <Rahul Agarwal> Mr David Garry <Rahul Agarwal A/C> | 552,528,061 | 15.91% |
| Mr Gavin Jeremy Dunhill | 254,000,000 | 7.32% |

(c) **Effect on Control of the Company**

The following table shows the number of Shares that may be held by, and approximate Voting Power of, the substantial shareholders and the Underwriter following completion of the Entitlement Offer at various levels of Shortfall:

| Shareholder | 100% acceptance of Entitlements ⁽¹⁾ | | 75% acceptance of Entitlements ⁽¹⁾ | | 50% acceptance of Entitlements ⁽¹⁾ | | 25% acceptance of Entitlements ⁽¹⁾ | | 0% acceptance of Entitlements ⁽¹⁾ | |
|--|--|------|---|------|---|------|---|------|--|------|
| | Shares | (%) | Shares | (%) | Shares | (%) | Shares | (%) | Shares | (%) |
| CPS Capital Group Pty Ltd ^{(2) (3)} | 1,005,056,122 | 14.4 | 1,596,800,281 | 23.0 | 2,188,544,439 | 31.5 | 2,780,288,598 | 40.0 | 3,372,032,756 | 48.5 |
| Lindfield Nominee Services Pty Ltd <Gary Greenbaum> Mr David Garry <Gary Greenbaum A/C> ⁽⁴⁾ | 602,528,061 | 8.7 | 602,528,061 | 8.7 | 602,528,061 | 8.7 | 602,528,061 | 8.7 | 602,528,061 | 8.7 |
| Lindfield Nominee Services Pty Ltd <Rahul Agarwal> Mr David Garry <Rahul Agarwal A/C> ⁽⁴⁾ | 602,528,061 | 8.7 | 602,528,061 | 8.7 | 602,528,061 | 8.7 | 602,528,061 | 8.7 | 602,528,061 | 8.7 |
| Gavin Jeremy Dunhill ⁽⁵⁾ | 508,000,000 | 7.3 | 444,500,000 | 6.3 | 381,000,000 | 5.5 | 317,500,000 | 4.6 | 254,000,000 | 3.7 |
| Other Shareholders | 4,225,953,268 | 60.9 | 3,697,709,109 | 53.3 | 3,169,464,951 | 45.6 | 2,641,220,792 | 38.0 | 2,112,976,634 | 30.4 |

Notes:

- 1 The above calculations are on an undiluted basis.
- 2 The calculations in the table above assume that none of the Shortfall is allocated to any sub-underwriter.
- 3 The calculations above assume that none of the Shortfall is allocated to any Eligible Shareholders or third party investors in accordance with the Shortfall allocation policy (refer to Section 2.7(b) for further details).
- 4 Lindfield Nominee Services Pty Ltd <Gary Greenbaum> Mr David Garry <Gary Greenbaum A/C> and Lindfield Nominee Services Pty Ltd <Rahul Agarwal> Mr David Garry <Rahul Agarwal A/C> have advised the Company that they intend to take up 50,000,000 New Shares (representing 9.05% of their Entitlements).
- 5 Mr Gavin Dunhill is being treated the same as all other Shareholders i.e. that he will be diluted in accordance with taking up 100%/75%/50%/25%/0% of his Entitlement.

The number of Shares held by the Underwriter and its Voting Power in the table above shows the potential effect of the underwriting of the Entitlement Offer. However, it is unlikely that no Eligible Shareholders will take up their Entitlement under the Entitlement Offer. Further, the underwriting obligation and therefore the Voting Power of the Underwriter will also be reduced by a corresponding amount for the amounts of Shortfall taken up by the Eligible Shareholders, third party investors (and any sub-underwriters).

Under section 606 of the Corporations Act, a person cannot acquire a relevant interest in the issued voting shares of a company if, because of a transaction in relation to securities of that company, a person's voting power in the company increases from 20% or below to more than 20% (or from a starting point that is above 20% and below 90%).

There are certain exceptions to the above prohibition in section 611 of the corporations Act. Item 10 of section 611 of the Corporations Act (**Rights Issue Exception**) provides an exception for an acquisition pursuant to a rights issue if the following conditions are satisfied:

- (i) the company offers to issue securities to every person who holds securities on a pro-rata basis;

- (ii) all of those persons have a reasonable opportunity to accept the offers made to them;
- (iii) agreements to issue are not entered into until the closing date of the offer; and
- (iv) the terms of all offers are the same.

The Rights Issue Exception extends to any underwriters of a rights issue or any sub-underwriters. If the Rights Issue Exception is to be relied upon then section 615 of the Corporations Act (regarding the appointment of a nominee for the sale of foreign shareholders' rights) must be complied with, which includes a requirement for ASIC to approve the nominee (refer to Section 2.16 for further detail).

The table above indicates that the underwriting of the Entitlement Offer by the Underwriter may result in the Underwriter increasing its Voting Power to more than 20% of the issued share capital of the Company.

(d) **Consequences**

Following the Entitlement Offer, the Underwriter may increase their Voting Power in the Company as detailed above. This would result in a greater percentage of the Company's Shares being concentrated in a single shareholding group which may:

- (i) dissuade potential acquirers of the Company from making a takeover offer in the future, which may adversely affect the Company's share price and reduce the opportunity for Shareholders to receive a takeover premium in the future; and
- (i) lower the free float of the Company's shares (on a proportional basis), which may reduce liquidity and adversely affect the market value of the Shares.

4. Effect of the Entitlement Offer

4.1 Capital structure on completion of the Entitlement Offer

On the basis that the Company completes the Entitlement Offer, the Company's capital structure will be as follows:

| | Number of Shares | Number of Options | Number of Convertible Notes |
|-----------------------|----------------------|----------------------------|-----------------------------|
| Balance of Securities | 3,472,032,756 | 336,426,437 ¹ | 670,000 ³ |
| Entitlement Offer | 3,472,032,756 | 1,736,016,378 ² | Nil |
| TOTAL | 6,944,065,512 | 2,072,442,815 | Nil |

Notes:

- Comprised of:
 - 15,000,000 unlisted broker Options with an exercise price of \$0.06 expiring on 24 November 2019;
 - 15,000,000 unlisted incentive stock Options with an exercise price of \$0.09 expiring on 28 February 2027;
 - 133,333,333 unlisted broker Options with an exercise price of \$0.03 expiring on 31 December 2020;
 - 17,286,763 unlisted incentive stock Options with an exercise price of \$0.014 expiring on 6 July 2028;
 - 43,638,984 unlisted Options with an exercise price of \$0.012 expiring on 16 October 2023;
 - 97,167,357 unlisted incentive stock Options with an exercise price of \$0.009 expiring on 14 November 2028;
 - 5,000,000 unlisted incentive stock Options with an exercise price of \$0.02 expiring on 1 January 2024; and
 - 10,000,000 unlisted incentive stock Options with an exercise price of \$0.04 expiring on 1 January 2024.
- Comprised of 1,736,016,378 New Options with an exercise price of \$0.002 expiring on 31 December 2022.
- The Convertible Notes will be cancelled in accordance with the Obsidian Agreement and Obsidian has agreed that it will not participate in the Entitlement Offer

4.2 Pro-forma statement of financial position

Set out on the following pages are the Company's Consolidated Statement of Financial Position as at 30 June 2019 (audited), Consolidated Statement of Financial Position as at 30 September 2019 (unaudited) and the Company's Pro-Forma Consolidated Statement of Financial Position as at 30 September 2019 (unaudited) (**Statements**).

The Statements are presented in abbreviated form insofar as they do not include all the disclosures that are present in annual financial reports as required by Australian Accounting Standards. The significant accounting policies that underpin the Statements are the same policies as those outlined in the Company's Annual Report for the year ended 30 June 2019.

The Pro-Forma Statement of Financial Position has been prepared on the basis that there are no material movements in the assets and liabilities of the Company between 30 September 2019 and the completion of the Entitlement Offer except for:

- at full subscription of the Entitlement Offer, the issue of 3,472,032,756 New Shares at \$0.001 cents each (subject to rounding and assuming that no Options or convertible notes are exercised before the Record Date) to raise up to \$3.47 million (before associated costs);
- estimated costs and fees of the Entitlement Offer of \$276,559;
- receipt of a \$750,000 short term loan facility for working capital and repayment of the same (including \$36,500 in interest and fees); and
- payment of US\$750,000 in full and final settlement of the Company's outstanding convertible note debt to Obsidian.

The accounting policies adopted in the preparation of the pro forma balance are consistent with the accounting policies adopted and described in the Company's financial Report for the year ended 30 June 2019 and should be read in conjunction with that financial Report.

No allowance has been made for expenditure incurred in the normal course of business from the date of this Prospectus to the Closing Date.

PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019

| | Audited Balance Sheet 30-Jun-19 | Unaudited Balance sheet 30-Sep-19 | Pro-Forma adjustments | Pro-Forma Balance Sheet 30-Sep-19 |
|--------------------------------------|---------------------------------------|---|--------------------------|---|
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | 1,399,512 | 74,117 | 2,064,873 ¹ | 2,138,990 |
| Trade and other receivables | 742,806 | 669,418 | - | 669,418 |
| Other assets | 344,302 | 336,907 | - | 336,907 |
| Total current assets | 2,486,620 | 1,080,442 | 2,064,873 | 3,145,315 |
| Non-current assets | | | | |
| Other financial assets | 10,792 | 11,215 | - | 11,215 |
| Property, plant and equipment | 16,947 | 14,204 | - | 14,204 |
| Intangible assets | 2,090,471 | 1,949,701 | - | 1,949,701 |
| Total non-current assets | 2,118,210 | 1,975,120 | - | 1,975,120 |
| TOTAL ASSETS | 4,604,830 | 3,055,562 | 2,064,873 | 5,120,435 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Trade and other payables | 1,477,158 | 1,449,429 | - | 1,449,429 |
| Borrowings | 993,095 | 1,094,068 | (1,094,068) ² | - |
| Total current liabilities | 2,470,253 | 2,543,497 | (1,094,068) | 1,449,429 |
| Non-Current liabilities | | | | |
| Contingent Consideration | 1,367,851 | 1,307,799 | - | 1,307,799 |
| Deferred tax liabilities | 313,571 | 313,571 | - | 313,571 |
| Total non-Current liabilities | 1,681,422 | 1,621,370 | - | 1,621,370 |
| TOTAL LIABILITIES | 4,151,675 | 4,164,867 | (1,094,068) | 3,070,799 |
| NET ASSETS | 453,155 | (1,109,305) | 3,158,941 | 2,049,636 |
| EQUITY | | | | |
| Contributed equity | 40,566,508 | 40,786,271 | 3,195,441 ³ | 43,981,712 |
| Reserves | 2,785,390 | 2,564,310 | - | 2,564,310 |
| Accumulated losses | (42,898,743) | (44,459,886) | (36,500) ⁴ | (44,496,386) |
| TOTAL EQUITY | 453,155 | (1,109,305) | 3,158,941 | 2,049,636 |

1) Includes \$3,472,000 raised plus \$750,000 short term loan facility received less convertible note repayment (USD\$750,000) and costs of the offer including underwriting fee and estimated ASIC, ASX, Legal (\$276,559).

2) repayment of US\$750,000 in full and final settlement of the Company's outstanding convertible note debt to Obsidian Global Partners LLC.

3) Issue of \$3,472,000 in ordinary equity issued less \$276,559 capital raising costs

4) Interest and fees on \$750,000 short term loan facility received from Pentin Pty Ltd

5. Action required by Entitlement Offer and Shortfall Offer Applicants

5.1 Eligible Shareholders

Your entitlement to participate in the Entitlement Offer will be determined on the Record Date. The number of New Securities which Eligible Shareholders are entitled to is shown on the Entitlement and Acceptance Form accompanying this Prospectus.

If you do not accept your Entitlement, then your percentage holding in the Company will be diluted.

If you are an Eligible Shareholder you may either:

- take up all or part of your Entitlement in accordance with this Prospectus;
- take up all of your Entitlement and apply for New Securities in excess of your Entitlement pursuant to the Shortfall Offer in accordance with this Prospectus; or
- decline to exercise all or part of your Entitlement and allow it to lapse.

If you are an Eligible Shareholder and wish to accept all or part of your Entitlement:

- carefully read this Prospectus in its entirety;
- consider the risks associated with an investment in the Company (refer to Section 6) in light of your personal circumstances;
- complete the relevant personalised Entitlement and Acceptance Form in accordance with the instructions contained in this Prospectus and detailed on the Entitlement and Acceptance Form; and
- return the completed Entitlement and Acceptance Form together with the Application Monies (in full) in accordance with Section 5.4, so that it is received at the following address by no later than 5.00pm (WST) on the Closing Date:

Syntonic Limited
C/- Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne, VIC 3001

(a) **Acceptance of ALL of your Entitlement under the Entitlement Offer**

If you wish to accept all of your Entitlement, then applications for New Securities must be made on the Entitlement Acceptance Form in accordance with the instructions in this Prospectus and on the Entitlement Acceptance Form. Please read the instructions carefully.

Please return the completed Entitlement and Acceptance Form, together with the Application Monies (in full), in accordance with Section 5.10, to the Share Registry so that it is received at the address listed in Section 5.1 by no later than 5.00pm (WST) on the Closing Date.

(b) **Acceptance of ALL of your Entitlement and applying for Shortfall Shares**

If you wish to accept all of your Entitlement and apply for New Securities in excess of your Entitlement by applying for Shortfall Shares, then applications for Shortfall Shares must be made by completing the relevant sections in the Entitlement and

Acceptance Form, in accordance with the instructions in the Prospectus and on the accompanying Entitlement and Acceptance Form. There is no limit to the amount of New Securities you may subscribe for under the Shortfall Offer. Please read the instructions on the Entitlement and Acceptance Form carefully.

Please return the completed Entitlement and Acceptance Form, together with the Application Monies (in full), in accordance with Section 5.10, to the Share Registry so that it is received at the address listed in Section 5.1 by no later than 5.00pm (WST) on the Closing Date.

(c) **Acceptance of PART of your Entitlement and allowing the balance to lapse**

If you wish to take up part of your Entitlement and allow the balance to lapse, complete the personalised Entitlement and Acceptance Application Form in accordance with the instructions referred to in this Prospectus and the instructions detailed on the form, including the number of New Securities you wish to accept and the Application Monies (calculated at \$0.001 per New Share accepted). Please read the instructions carefully.

Please return the completed Entitlement and Acceptance Form, together with the Application Monies (calculated at \$0.001 per New Share accepted), in accordance with Section 5.10, to the Share Registry so that it is received at the address listed in Section 5.1 by no later than 5.00pm (WST) on the Closing Date.

If you take no further action, the balance of your Entitlement will lapse and you will have forfeited any potential benefit to be gained from taking up or selling that part of your Entitlement.

(d) **Entitlement not taken up**

If you do not wish to accept any of your Entitlement under the Entitlement Offer, you are not obliged to do anything. You will receive no benefit or New Securities and your Entitlement under the Entitlement Offer will become Shortfall Shares.

The number of Shares you hold and the rights attached to those Shares will not be affected should you choose not to accept any of your Entitlement.

5.2 Ineligible Shareholders - Foreign Shareholders

If you are an Ineligible Shareholder, you may not accept any of, or do anything in relation to, your Entitlement. Refer to Section 2.16 for treatment of Ineligible Shareholders.

5.3 Applications for Shortfall Securities under the Shortfall Offer

If you are not an Eligible Shareholder and wish to apply for Shortfall Securities under the Shortfall Offer, you must complete the relevant sections on the Shortfall Application Form, in accordance with the instructions referred to in this Prospectus and on the Shortfall Application Form, including the number of Shortfall Securities you wish to apply for under the Shortfall Offer and the total Application Monies (calculated at \$0.001 per Shortfall Share applied for under the Shortfall Offer). Please read the instructions carefully.

Please return the Shortfall Application Form, together with the Application Monies (in full) in accordance with Section 5.4, to the Share Registry so that it is received at the following address by no later than 5.00pm (WST) on the Closing Date:

Syntonic Limited
C/- Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne, VIC 3001

5.4 Payment

The offer price of New Shares under the Entitlement Offer or Shortfall Offer is \$0.001 per New Share.

For Eligible Shareholders participating in the Entitlement Offer, Application Monies must be received by the Company by 5.00pm (WST) on the Closing Date.

Completed Application Forms must be accompanied by a cheque, bank draft or money order drawn in Australian dollars, made payable to 'Syntonic Limited' and crossed 'Not Negotiable'.

Eligible Shareholders participating in the Entitlement Offer, and who wish to pay via BPAY[®] must follow the instructions on the Entitlement and Acceptance Form. You will be deemed to have accepted all or part of your Entitlement and subscribed for Shortfall Shares (as applicable) upon receipt of the BPAY[®] payment by the Company.

If paying via BPAY[®], Eligible Shareholders should be aware that their own financial institution may implement earlier cut off times with regard to electronic payment and it is the responsibility of Eligible Shareholders to ensure that funds are submitted through BPAY[®] by the date and time mentioned above. If you elect to pay via BPAY[®], you must follow the instructions for BPAY[®] detailed in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

The Company shall not be responsible for any postal or delivery delays, or delay in the receipt of the BPAY[®] payment.

5.5 Representations by Applicants

By completing and returning an Application Form or paying any Application Monies by BPAY[®], in addition to the representations set out elsewhere in this Prospectus and the Application Form, you:

- (a) if participating in the Entitlement Offer, represent to the Company that you are an Eligible Shareholder;
- (b) acknowledge that you have received a copy of this Prospectus and an accompanying Application Form, and read them both in their entirety;
- (c) agree to be bound by the terms of the Entitlement Offer and Shortfall Offer, the provisions of this Prospectus and the Constitution;
- (d) authorise the Company to register you as the holder(s) of the New Securities allotted to you;
- (e) declare that all details and statements in the Application Form are complete and accurate;
- (f) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Application Form;
- (g) acknowledge that once the Application Form is returned, or a BPAY[®] payment instruction is given in relation to any Application Monies, the Application may not be varied or withdrawn except as required by law;
- (h) agree to accept and be issued up to the number of New Shares specified in the Application Form or paid for by BPAY[®] at the issue price of \$0.001 per New Share;
- (i) agree to accept and be issued up to the number of New Options specified in the Application Form;
- (j) authorise the Company and its respective officers or agents to do anything on your behalf necessary for the New Securities to be issued to you, including to act on

instructions of the Share Registry upon using the contact details set out in the Application Form;

- (k) if participating in the Entitlement Offer, declare that you were the registered holder at 5.00pm (WST) on the Record Date of the Shares indicated on your personalised Entitlement and Acceptance Form as being held by you at 5.00pm (WST) on the Record Date;
- (l) acknowledge the statement of risks in Section 6 and that an investment in the Company is subject to risk;
- (m) represent and warrant that the law of any place does not prohibit you from being given this Prospectus and the Application Form, nor does it prohibit you from accepting New Securities and that if you participate in the Entitlement Offer, that you are eligible to do so.

5.6 Brokerage

No brokerage or stamp duty is payable by Eligible Shareholders who accept their Entitlement.

5.7 Enquiries concerning your Entitlement

If you have any questions in relation to your Entitlement under the Entitlement Offer, please contact the Company Secretary by telephone +61 8 9322 7600.

6. Risks

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

The risks described in this Section 6 are not an exhaustive list of the risks faced by the Company or by investors in the Company. It should be considered in conjunction with other information in this Prospectus. The risks described in, and others not specifically referred to, in this Section 6 may in the future materially affect the financial performance and position of the Company and the value of New Securities offered under this Prospectus. The New Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, return of capital or the market value of those securities. The risks described in this Section 6 also necessarily include forward looking statements. Actual events may be materially different to those described and may therefore affect the Company in a different way.

Investors should be aware that the performance of the Company may be affected and the value of its Shares may rise or fall over any given period. None of the Directors or any person associated with the Company guarantees the Company's performance, the performance of the Shares or the market price at which the Shares will trade. The Directors strongly recommend that potential investors consider the risks detailed in this Section 6, together with information contained elsewhere in this Prospectus, and consult their professional advisers, before they decide whether to apply for New Securities.

6.1 Risks specific to the Company and the Entitlement Offer

The current and future operations of the Company, including exploration, appraisal and production activities, may be affected by a range of factors, including:

(a) **Implementation of New Business Strategy**

The Company has recently adopted and implemented a new strategy and business focus to overcome the Company currently operating on a cash flow negative basis. This new strategic focus aims to shift much of its product development, business development, and sales efforts away from DataFlex®, Freeway®, and the Connected Services Platform® to support content distribution and sales via the Syntonic revenue generation platform in Brazil and in other markets where the Company has an established presence, such as Vietnam, the Philippines and South Africa (refer to the ASX announcement dated 13 November 2019 for further details).

The Company considers the impact of this strategic shift to be two-fold. Firstly, it significantly reduces Syntonic's engineering costs, specifically related to carrier integration, testing, and customisation and secondly, it provides Syntonic with more control over its business performance, enabling it to transact with consumers rather than licensing technology to mobile carriers. However, there are risks inherent to any company implementing a new business strategy and there is no certainty that the Company's new strategy will be successful.

(b) **Competition and New Technologies**

The industry in which the Company is involved is subject to increasing domestic and global competition which is fast-paced and fast-changing. While the Company undertakes all reasonable due diligence in its business decisions and operations, the Company has no influence or control over the activities or actions of its competitors, whose activities or actions may positively or negatively affect the

operating and financial performance of the Company's projects and business. For instance, new technologies could result in the Company not being differentiated to other similar offerings.

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

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

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

On completion of the Entitlement Offer, the Directors believe that the Company will have sufficient funds to satisfy short and medium term working capital requirements. However, the reorientation of the Company's business strategy may require additional financing in the future for content licensing, pre-payments, and/or minimum annual financial guarantees to progress at a competitive rate

No assurances can be given that the Company will be able to raise the additional funding, which may be a combination of debt and/or equity financing. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be potentially dilutive to Shareholders depending on their participation in any equity raising. Debt financing, if available, may involve certain restrictions on operating activities or other financings. The Company cannot assure Shareholders that it will be able to raise the required equity or debt financing required to meet working capital requirements.

The Company's ability to raise further equity or debt, and the terms of such transactions, will vary according to a number of factors, including the results achieved by the Company, stock market conditions, the overall risk appetite of investors along with access to credit markets and other funding sources.

An inability to obtain the required additional finance would have a material adverse effect on the Company's business and its financial condition and performance.

(d) **Customer Acquisition and Retention**

The Company's revenue is affected by its ability to attract and retain customers to the subscription content offerings supported by the Syntonic Revenue Generation Platform™ (RGP). Various factors can affect the level of customers sales.

If the Company's marketing and promotion efforts are not effective, this may result in fewer customer transactions, higher customer conversation costs, and lower profit margins; and

If the Company suffers from reputational damage, customer adoption could be affected.

Accordingly, there is no guarantee that the Company's customer marketing strategies will be successful to achieve a sizeable customer take up rate of its content offerings.

(e) **Hacker Attacks**

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

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

There is also currently an increased exposure to organisations that process personal information in the course of their commercial activities, in particular, relating to liability arising from security incidents. Although the Company is relatively small, vulnerabilities in the information security governance will require remediation in the near future.

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

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

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

(g) **Reputational Risks**

The Company operates in an online and fast-changing environment. Negative publicity can spread quickly, whether true or false. Disgruntled users posting negative comments about the business in public forums may have a disproportionate effect on the reputation of the Company and/or its acquired businesses (as applicable) and their ability to earn revenues and profits. Additionally, complaints by such users can lead to additional regulatory scrutiny and a consequential increased compliance burden in responding to regulatory enquiries. This could negatively impact upon the Company's and its acquired business' profitability (as applicable).

(h) **Customer Concentration Risk**

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

(i) **Contractual Third Party Risk**

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

(j) **Key personnel**

The Company's businesses are reliant on a number of key personnel and the loss of the services of one or more of these individuals could adversely affect the Company. In addition, the Company's plans for expansion will require it to recruit

and train new employees. Although the Company expects to be able to attract and retain skilled and experienced personnel, there can be new employees and, where appropriate, may utilise existing and establish new employee incentive plans to encourage the employees' loyalty to the Company.

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

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

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

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

The Directors will continue to seek to grow the Company both organically and through new investment opportunities. There are always risks that the benefits, synergies or efficiencies expected from such investments or growth may take longer than expected to be achieved or may not be achieved at all. Any investments pursued could have a material adverse effect on the Company.

There is a risk that management of the Company will not be able to implement the Company's growth strategy after completion of the Entitlement Offer. The capacity of the expanded management team to properly implement and manage the strategic direction of the Company may affect the Company's financial performance.

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

(m) **Currency Risk**

The Company expects to derive its revenue in the local currency in which the Company has deployed its RGP. The principle markets in which the Company has and plans subsequent deployments of its RGP are in emerging economies such as Latin America, Africa, and Southeast Asia. Accordingly these markets have less stable currencies compared to developed markets which can result in higher uncertainty in the Australian denominated value of the local revenues received, impacting the performance of the Company.

(n) **Termination by Underwriter and terms of underwriting**

The Underwriting Agreement includes various termination events upon the occurrence of which the Underwriter may elect to terminate the Underwriting Agreement.

In the event that the Underwriting Agreement is terminated:

- (i) the Entitlement Offer will not be underwritten and may not raise the full amount intended;

- (ii) the Directors may determine not to proceed with the Entitlement Offer; and/or
- (iii) the Company may have insufficient funds to complete all of the expenditure set out in Section 2.3.

For further details of the Underwriting Agreement refer to Section 3.1.

6.2 General risks

(a) Reliance on Key Management

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

(b) Trading Price of Shares

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

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

(c) Additional Requirements for Capital

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

(d) Litigation Risks

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

(e) **Economic Risks**

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

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

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

(f) **Technology Sector Risks**

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

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

(g) **Force Majeure**

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

(h) **Acquisitions**

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

6.3 **Investment Highly Speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus. Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities. Potential investors should consider that the investment in the Company is speculative and should consult their professional adviser before deciding whether to apply for Securities pursuant to this Prospectus.

7. Additional information

7.1 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. The New Shares are in the same class as Shares that have been quoted on the official list of the ASX during the three months prior to the issue of this Prospectus.

This Prospectus is a 'transaction specific prospectus' to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities, or operation to acquire securities, in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms 'transaction specific prospectuses' are only required to contain information in relation to the effect of the issue of New Shares on the Company and the rights attaching to the New Shares. It is not necessary to include general information in relation to all of the assets and liabilities, the 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 three 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 of the Entitlement Offer:
 - (i) the annual financial report of the Company for the financial year ended 30 June 2019 being the most recent annual financial report of the Company lodged with the ASIC before the issue of this Prospectus; and
 - (ii) the half year financial report of the Company for the six months ended 31 December 2018 lodged with ASIC after the lodgement of the annual financial report mentioned in paragraph (i) and before the issue of this Prospectus; and

- (iii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the annual financial report referred to in paragraph (i) above until the issue of this Prospectus in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act.

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.

The Company has lodged the following announcements with ASX since the lodgement of its annual report on 30 September 2019:

| Date | Announcement |
|-------------------|--|
| 19 November 2019 | Final Director's Interest Notice |
| 19 November 2019 | Appendix 3B - Initial Director's Interest Notice - Wheeler |
| 19 November 2019 | Results of Annual General Meeting |
| 18 November 2019 | CEO Presentation - 2019 AGM |
| 18 November 2019 | Chairman's Address to Shareholders |
| 18 November 2019 | Change of Venue - 2019 Annual General Meeting |
| 15 November 2019 | Syntonic Revised Strategic Business Focus |
| 15 November 2019 | Appendix 3B |
| 15 November 2019 | Capital Raising |
| 15 November 2019 | Reinstatement to Official Quotation |
| 13 November 2019 | Board Changes |
| 5 November 2019 | Extension of Voluntary Suspension |
| 1 November 2019 | Quarterly Activities and Cashflow Report |
| 22 October 2019 | Extension of Voluntary Suspension |
| 18 October 2019 | Notice of Annual General Meeting/Proxy Form |
| 15 October 2019 | Extension of Voluntary Suspension |
| 15 October 2019 | Fox Go! launches with Syntonic Platform in Mexico and Brazil |
| 7 October 2019 | Extension of Voluntary Suspension |
| 30 September 2019 | Appendix 4G and Corporate Governance Statement |

7.2 Directors' interests in Securities

As at the date of this Prospectus, the relevant interests of the Directors and their related entities in securities in the Company, are detailed in the table below.

| Director | Shares | Options | Convertible Notes |
|----------------|-------------|---------|-------------------|
| Gary Greenbaum | 552,528,061 | Nil | Nil |
| Rahul Agarwal | 552,528,061 | Nil | Nil |
| Steven Elfman | 3,900,000 | Nil | Nil |
| David Wheeler | Nil | Nil | Nil |

At the date of this Prospectus, Messrs Gary Greenbaum and Rahul Agarwal have advised the Company that, subject to their financial position prior to the Closing Date, they each intend to take up, or procure that their controlled entities take up, 50,000,000 New Shares (representing 9.05% of each of their Entitlements).

On 11 November 2019, Mr Nigel Hennessey resigned from his position as a Director.

7.3 Interests of Directors

Except as disclosed in this Prospectus, no Director (or entity in which they are a partner or director) has, or has had in the two years before the date of this Prospectus, any interests in:

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

and no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to:

- (a) any Director to induce him or her to become, or to qualify as, a Director; or
- (b) any Director for services which he or she (or entity in which they are a partner or director) has provided in connection with the formation or promotion of the Company or the Entitlement Offer.

7.4 Directors' Remuneration

The remuneration (including superannuation) of existing Directors for the past two financial years (30 June year-end) are as follows:

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

7.5 Interests of Other Persons

No promoter or other person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus (or entity in which they are a partner or director) do not hold, have, and have not had in the two years before the date of this Prospectus, any interest in:

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

and no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to a promoter or any person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus (or entity in which they are a partner or director), provided in connection with the formation or promotion of the Company or the Entitlement Offer, except as disclosed in this Prospectus and as follows:

- (d) CPS Capital Group Pty Ltd has acted as Lead Manager and Underwriter to the Entitlement Offer and Shortfall Offer. In respect of this work, the Company will pay CPS Capital Group Pty Ltd approximately \$208,322;
- (e) DLA Piper has acted as the Australian lawyers to the Company for the Entitlement Offer. In respect of this work the Company will pay DLA Piper approximately \$30,000 (exclusive of GST). During the two years before the date of this Prospectus, DLA Piper has provided the Company with legal services and was paid approximately \$180,000 for these services; and
- (f) Computershare Investor Services Pty Ltd conducts the Company's share registry functions and will provide administrative services in respect to the proposed Share applications pursuant to this Prospectus. Computershare Investor Services Pty Ltd will be paid for these services on standard industry terms and conditions.

The amounts disclosed above are exclusive of GST.

7.6 Related Party Transactions

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

Adroit Business Solutions, a company of which Mr Rahul Agarwal is a director and beneficial shareholder, has been engaged to provide product development and support services to the Company based on a monthly fee that may vary based on the service requirements. The arrangement has no fixed term, but Syntonic has the right to terminate on thirty (30) days' written notice. Adroit Business Solutions is currently paid a maximum monthly fee of US\$49,500, which is to be reduced to US\$25,000 effective 1 December 2019, as the Company phases out its legacy product development and transitions strategic customers to the Syntonic RGP.

7.7 Rights attaching to New Shares

A summary of the rights attaching to Shares is set out below. The New Shares issued under this Prospectus will rank *pari passu* in all respects with existing Shares. This summary is qualified by the full terms of the Company's Constitution and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Company's Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to shares in any specific circumstances, the Shareholder should seek legal advice.

The following is a summary of the more significant rights and liabilities attaching to Shares to be issued 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

Directors may call a meeting of Shareholders whenever they think fit. Members may call a meeting as provided by the Corporations Act. All Shareholders are

entitled to a notice of meeting. A quorum for a meeting of Shareholders is 2 eligible voters.

The Company will hold annual general meetings in accordance with the Corporations Act and the Listing Rules.

Shareholders are entitled to be present in person, or by proxy, attorney or representative (in the case of a company) to speak and to vote at general meetings of the Company.

(b) **Voting**

Subject to any rights or restrictions at the time being attached to any class or classes of shares, at a general meeting of the Company on a show of hands, every Shareholder present in person, or by proxy, attorney or representative (in the case of a company) has one vote and upon a poll, every Shareholder present in person, or by proxy, attorney or representative (in the case of a company) has one vote for any Share held by the Shareholder.

A poll may be demanded by the chairperson of the meeting, any 5 Shareholders entitled to vote in person or by proxy, attorney or representative or by any one or more Shareholders holding not less than 5% of the total voting rights of all Shareholders having the right to vote.

(c) **Dividends**

The Directors may declare and authorise the distribution from the profits of the Company, dividends to be distributed to Shareholders according to their rights and interests. The Directors may before declaring any dividend set aside reserves out of the profits of the Company which at the Directors' discretion may be used in the business of the Company or be invested in such investments as the Directors think fit. Except to the extent that the terms of issue of shares provide otherwise, each dividend must be distributed according to the amount paid up on the Share in a manner calculated in accordance with the Constitution.

(d) **Winding up**

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company and may for that purpose set such value as the liquidator considers fair on 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 settle any problem concerning the distributions of assets in any way, including, rounding amounts up or down to the nearest whole number, ignoring fractions, valuing assets for distribution, paying cash to any Shareholder on the basis of that valuation and vesting assets in a trustee on trust for the Shareholders entitled.

(e) **Transfer of shares**

Generally, Shares in the Company are freely transferable, subject to formal requirements, and to the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia.

(f) **Issue of further Shares**

The Directors may, subject to any restrictions imposed by the Constitution and the Corporations Act, allot, issue, grant options over, or otherwise dispose of, further Shares with or without preferential rights on such terms and conditions as they see fit.

(g) **Directors**

The business of the Company is to be managed by or under the direction of the Directors.

Directors are not required under the Constitution to hold any Shares.

Unless changed by the Company in general meeting, the minimum number of Directors is 3 and the maximum is 10. The existing Directors may appoint a new Director to fill a casual vacancy or as an addition to the Board. Any such Director must retire at the next following general meeting of the Company (at which meeting he or she may be eligible for election as a Director).

The Constitution contains provisions relating to the rotation and election of directors. No Director other than the Managing Director may hold office later than the third annual general meeting after his or her appointment or election, without submitting himself or herself for re-election.

(h) **Offer of shares**

Subject to the requirements of the Corporations Act and if applicable, the Listing Rules, the issue of Shares by the Company is under the control of the Directors. Under the Constitution the Company is empowered, without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, to issue shares with preferred, deferred or other rights.

(i) **Variation of shares and rights attaching to shares**

Shares may be converted or cancelled with member approval and the Company's share capital may be reduced in accordance with the requirements of the Corporations Act.

Class rights attaching to a particular class of shares may be varied or cancelled with the consent in writing of holders of 75% of the shares in that class or by a special resolution of the holders of shares in that class.

(j) **Share buy-backs**

The Company may buy-back Shares in itself in accordance with the provisions of the Corporations Act.

(k) **Indemnity and insurance of officers**

Under the Constitution, the Company is obliged, to the extent permitted by law, to indemnify an officer (including Directors), auditor or agent of the Company against liabilities incurred by the officer, auditor or agent in that capacity, against costs and expenses incurred by the officer in successfully defending civil or criminal proceedings, and against any liability which arises out of conduct not involving a lack of good faith.

To the extent permitted by law, the Company may also pay the premium on any insurance policy for any person who is or has been, an officer against a liability incurred by that person in his or her capacity as an officer of the Company, provided that the liability does not arise out of conduct involving a wilful breach of duty.

(l) **Changes to the constitution**

The Constitution can only be amended by a special resolution passed by at least three quarters of the members present and voting at a general meeting of the Company. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

(m) **Listing Rules**

Provided the Company remains admitted to the Official List of the ASX, then despite anything in the Constitution, no act may be done that is prohibited by the Listing Rules, and authority is given for acts required to be done by the Listing Rules. The Constitution will be deemed to comply with the Listing Rules, as amended from time to time.

(n) **Dividend policy**

The Company does not intend to declare or pay any dividends in the immediately foreseeable future.

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

7.8 Rights Attaching to New Options

(a) **Entitlement**

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

(b) **Exercise Price and Expiry Date**

The New Options have an exercise price of \$0.002 per New Option (**Exercise Price**) and an expiry date of 31 December 2022 (**Expiry Date**).

A New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) **Exercise Period**

The New Options are exercisable at any time on or prior to the Expiry Date.

(d) **Quotation of the New Options**

The Company will apply for quotation of the New Options on ASX.

(e) **Notice of Exercise**

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

Any Notice of Exercise of a New Option received by the Company will be deemed to be a notice of the exercise of that New Option as at the date of receipt.

(f) **Lodgement Instructions**

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the New Options with the appropriate remittance should be lodged at the Company's share registry.

(g) **Shares Issued on Exercise**

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

(h) **Timing of the Issue of Shares on Exercise and Quotation**

Within 15 business days of a Notice of Exercise being given in accordance with these terms and conditions and payment of the Exercise Price for each New Option being exercised, the Company will:

- (i) issue the Shares pursuant to the exercise of the New Options; and
- (ii) apply for official quotation on ASX of Shares issued pursuant to the exercise of the New Options.

(i) **Participation in New Issues**

There are no participation rights or entitlements inherent in the New Options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the New Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 4 business days after the issue is announced. This will give the holders of New Options the opportunity to exercise their New Options prior to the date for determining entitlements to participate in any such issue.

(j) **Adjustment for Bonus Issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of a New Option will be increased by the number of Shares which the New Option holder would have received if the New Option holder had exercised the New Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(k) **Adjustment for Entitlement Issue**

If the Company makes an issue of Shares pro rata to existing shareholders (other than as a bonus issue, to which paragraph (j) will apply) there will be no adjustment of the Exercise Price of a New Option or the number of Shares over which the New Options are exercisable.

(l) **Adjustment for Reorganisation**

If there is any reorganisation of the issued share capital of the Company, the rights of the New Option holders will be varied in accordance with the Listing Rules.

(m) **Transferability**

The New Options are transferable.

7.9 Market price of Shares

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

Highest: \$0.002 (23 August 2019)

Lowest: \$0.001 (5 September 2019)

The latest available market sale price of the Shares on ASX prior to the date of lodgement of this Prospectus with ASIC was \$0.001 per Share on 18 November 2019.

7.10 Costs of the Entitlement Offer

The costs of the Entitlement Offer payable by the Company (exclusive of GST) are as follows:

| | (\$) |
|----------------------------------|------------------|
| ASIC lodgement fee | \$3,206 |
| ASX quotation fee | \$12,031 |
| Legal expenses | \$30,000 |
| Underwriting and Commitment fees | \$208,322 |
| Printing and other expenses | \$23,000 |
| TOTAL | \$276,559 |

7.11 Litigation and Claims

So far as the Directors are aware, other than as disclosed by the Company to ASX, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company.

7.12 Taxation Implications

The acquisition and disposal of Shares will have taxation consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to take independent financial advice about the taxation and any other consequences of acquiring and selling the Shares.

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

7.13 Consents

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

Each of the following parties:

| Name | Role |
|-----------|---------|
| DLA Piper | Lawyers |

| Name | Role |
|---|--------------------------|
| CPS Capital Group Pty Ltd | Lead Manager/Underwriter |
| Computershare Investor Services Pty Limited | Share Registry |

- (a) has given its consent to be named in this Prospectus as set out above and has not withdrawn its consent at the date of lodgement of this Prospectus with ASIC;
- (b) makes no express or implied representation or warranty in relation to the Company, this Prospectus or the Entitlement Offer;
- (c) has not made or purported to have made any statement in this Prospectus or statement on which a statement in this Prospectus is based, except as described in this Section; and
- (d) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for this Prospectus other than a reference to its name and any statement or report included in this Prospectus with the consent of that party as described in this Section.

None of the parties referred to in this Section 7.13 has authorised or caused the issue of this Prospectus or the making of the Entitlement Offer.

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

7.14 Documents available for inspection

The following documents are available for inspection during normal business hours at the registered office of the Company:

- (a) this Prospectus; and
- (b) the Constitution.

7.15 Information excluded from continuous disclosure notices

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

7.16 Determination by ASIC

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

7.17 Electronic Prospectus

Pursuant to Regulatory Guide 107, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic copy of this Prospectus on the basis of a paper Prospectus lodged with ASIC and the issue of New Securities in response to an electronic Application Form, subject to compliance with certain provisions. If you have received an electronic copy of this Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please contact the Company and the Company will send to you, free of charge to you, either a hard copy or a further electronic copy of this Prospectus or both.

The Company reserves the right not to accept an Application Form from an Applicant if it has reason to believe that when that Applicant was given access to the electronic Application Form, it was not provided together with an electronic copy of this Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application Monies shall be held by the Company on trust and returned (without interest) to the Applicant as soon as practicable.

8. Authorisation

This Prospectus is authorised by each of the Directors.

This Prospectus is signed for and on behalf of the Company, pursuant to a resolution of the Board, by:



Gary Greenbaum
Managing Director and CEO
19 November 2019

9. Glossary

In this Prospectus, unless the context otherwise requires:

\$ means Australian dollar.

Annual Report means the financial report lodged by the Company with ASIC in respect to the year ended 30 June 2019 and includes the corporate directory, review of activities, Shareholder information, financial report of the Company and its controlled entities for the year ended 30 June 2019, together with a Directors' report in relation to that financial year and the auditor's report for the period to 30 June 2019.

Applicant means a person who submits an Entitlement and Acceptance Form or Shortfall Application Form or is otherwise permitted by the Company to apply for, and be issued, New Securities under the Entitlement Offer (as applicable).

Application means a valid application for New Securities under the Entitlement Offer made pursuant to an Entitlement and Acceptance Form or by such other means or document as permitted by the Company or a valid application for Shortfall Securities under the Shortfall Offer made pursuant to a Shortfall Application Form, and Entitlement and Acceptance Form or by such other means or document as permitted by the Company (as applicable).

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form (as applicable).

Application Monies means application monies for New Shares received by the Company from an Applicant.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited ABN 98 008 624 691 and where the context permits, the market operated by it.

ASX Settlement Rules means ASX Settlement Operating Rules of the ASX.

Board means the board of Directors.

Business Day means Monday to Friday inclusive, excluding public holidays in Western Australia and any other day that ASX declares is not a trading day.

CHESS means ASX Clearing House Electronic Subregistry System.

Closing Date means the date referred to as such in the Indicative Timetable.

Company or **Syntonic** means Syntonic Limited ACN .

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

Convertible Note means a convertible note in the Company with a face value of US\$1.15 each, a maturity date of 10 April 2020 and a right to convert into Shares on a 1 for 1 basis.

Convertible Securities Agreement means the convertible securities agreement between the Company and Obsidian dated 2 April 2019.

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

Director means a director of the Company.

Eligible Shareholder means a person who:

- (a) is a Shareholder at 5.00pm (WST) on the Record Date; and
- (b) has a registered address recorded by the Share Registry as at the Record Date in Australia or New Zealand.

Entitlement means a Shareholder's entitlement to subscribe for New Shares under the Entitlement Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form attached to, or accompanying this Prospectus, that sets out the entitlement of an Eligible Shareholder to subscribe for New Shares pursuant to the Entitlement Offer.

Entitlement Offer has the meaning given to that term in Section 2.1.

Force Majeure means any act of God, war, revolution, or any other unlawful act against public order or authority, an industrial dispute, a governmental restraint, or any other event which is not within the control of the parties.

Indicative Timetable means the indicative timetable on page 7 of this Prospectus.

Ineligible Shareholder has the meaning given to that term in Section 2.16.

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

Lead Manager means CPS Capital Group Pty Ltd ABN 73 088 055 636.

Listing Rules means the official listing rules of ASX.

Loan Amount has the meaning given to that term in Section 2.3.

New Option means an Option offered pursuant to this Prospectus.

New Securities means New Shares and New Options issued pursuant to the Prospectus.

New Share means a Share offered pursuant to this Prospectus.

Nominee has the meaning given to that term in Section 2.16.

Nominee Securities has the meaning given to that term in Section 2.16.

Obsidian means Obsidian Global Partners, LLC.

Obsidian Agreement has the meaning given to that term in Section 2.1.

Official Quotation means quotation of Shares on the official list of ASX.

Opening Date means the date referred to as such in the Indicative Timetable.

Option means an option to acquire a Share.

Prospectus means this Prospectus dated 19 November 2019.

Record Date means the date referred to as such in the Indicative Timetable.

RGP or Syntonic RGP means the Syntonic Revenue Generation Platform™.

Rights Issue Exception has the meaning given to that term in Section 3.1.

Section means a section of this Prospectus.

Securities means any securities including Shares or Options issued or granted by the Company.

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

Share Registry means Computershare Investor Services Pty Limited.

Shareholder means a registered holder of Shares.

Shortfall means the New Shares not applied for under the Entitlement Offer before the Closing Date.

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

Shortfall Notification Date means the date referred to as such in the Indicative Timetable.

Shortfall Offer has the meaning given to that term in Section 2.8.

Shortfall Shares means the New Shares constituting the Shortfall.

Shortfall Options means the New Options constituting the Shortfall.

Shortfall Securities means the New Securities constituting the Shortfall.

Statements has the meaning given to that term in Section 4.2.

Syntonic RGP or **RGP** means the Syntonic Revenue Generation Platform™.

Voting Power has the meaning given to that term in section 610 of the Corporations Act.

Underwriters means CPS Capital Group Pty Ltd ABN 73 088 055 636.

Underwriting Agreement has the meaning given to that term in Section 3.1.

