

MOBILARM LIMITED
ACN 106 513 580

ENTITLEMENT ISSUE PROSPECTUS

For a non-renounceable entitlement issue of two (2) Shares for every five (5) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.007 per Share to raise up to \$980,239 (based on the number of Shares on issue as at the date of this Prospectus) (**Offer**).

The Offer is fully underwritten by Gleneagle Securities (Aust) Pty Limited (**Underwriter**). Refer to Section 8.4 for details regarding the terms of the Underwriting Agreement.

IMPORTANT NOTICE

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

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

TABLE OF CONTENTS

| | | |
|-----|---|----|
| 1. | CORPORATE DIRECTORY | 1 |
| 2. | TIMETABLE..... | 2 |
| 3. | IMPORTANT NOTES | 3 |
| 4. | DETAILS OF THE OFFER | 5 |
| 5. | PURPOSE AND EFFECT OF THE OFFER..... | 11 |
| 6. | RIGHTS AND LIABILITIES ATTACHING TO SHARES..... | 15 |
| 7. | RISK FACTORS | 18 |
| 8. | ADDITIONAL INFORMATION..... | 22 |
| 9. | DIRECTORS' AUTHORISATION..... | 34 |
| 10. | GLOSSARY | 35 |

1. CORPORATE DIRECTORY

Directors

Tim McClement (Non-Executive Chair)
Ken Gaunt (Managing Director)
Jorge Nigaglioni (Executive Director)

Company Secretary

David McArthur

Registered Office

2/33 Roberts Street
Osborne Park WA 6017

Telephone: + 61 8 9315 3511
Facsimile: +61 8 9315 3611

Website: www.mobilarm.com

Share Registry*

Security Transfer Registrars
770 Canning Highway
Applecross WA 6153
Australia

Telephone: +61 8 9315 2333
Facsimile: +61 8 9315 2233

Website: www.securitytransfer.com.au

Solicitors

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

Underwriter

Gleneagle Securities (Aust) Pty Limited
Level 27
25 Bligh Street
Sydney NSW 2000

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

2. TIMETABLE

| | |
|--|-------------------|
| Lodge Prospectus with ASIC | 1 September 2015 |
| Lodge Appendix 3B and Prospectus with ASX | 1 September 2015 |
| Notice sent to Option holders | 1 September 2015 |
| Notice sent to Eligible Shareholders | 3 September 2015 |
| Shares quoted on an "EX" basis | 4 September 2015 |
| Record date for determining Entitlements | 8 September 2015 |
| Prospectus and Entitlement and Acceptance Form sent to Eligible Shareholders and the Company announces this has been completed | 11 September 2015 |
| Last day to extend Offer Closing Date | 17 September 2015 |
| Closing Date* | 22 September 2015 |
| Shares quoted on a deferred settlement basis* | 23 September 2015 |
| Notification to ASX and Underwriter of Shortfall* | 25 September 2015 |
| Underwriter (or nominee/s) and sub-underwriter subscribe for Shortfall under terms of Underwriting Agreement | 29 September 2015 |
| Issue date of the Shares, lodgement of Appendix 3B with ASX and Deferred settlement trading ends* | 29 September 2015 |
| Despatch of holding statements* | 29 September 2015 |
| Normal trading (T+3) of Shares commences* | 30 September 2015 |

* Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer. Any extension of the Closing Date will have a consequential effect on the date for issue of the Shares and the commencement of quotation of the Shares the subject of the Offer.

3. IMPORTANT NOTES

This Prospectus is dated 1 September 2015 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

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

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

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

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

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

3.1 Risk factors

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

3.2 Forward-looking statements

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

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

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

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements

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

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

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 4 of this Prospectus.

4. DETAILS OF THE OFFER

4.1 The Offer

The Offer is being made as a non-renounceable entitlement issue of two (2) Shares for every five (5) Shares held by Shareholders registered at the Record Date at an issue price of \$0.007 per Share. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, approximately 140,034,167 Shares will be issued pursuant to this Offer to raise up to \$980,239.

As at the date of this Prospectus the Company has 32,878,820 Options on issue all of which may be exercised prior to the Record Date in order to participate in the Offer. Please refer to Section 5.4 of this Prospectus for information on the exercise price and expiry date of the Options on issue.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offer and the intended use of funds raised are set out in Section 5.1 of this Prospectus.

4.2 Minimum subscription

The Offer is fully underwritten and so the minimum Subscription is equal to the full subscription. If the minimum subscription is not achieved within 4 months after the date of issue of this Prospectus, the Company will either repay the Application monies to the Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Application and be repaid their Application monies.

4.3 Acceptance

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

You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
 - (i) complete the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you only wish to accept **part** of your Entitlement:
 - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and

- (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.007 per Share); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything; and
- (d) if you wish to take up your full Entitlement **and apply for Shortfall** under the Shortfall Offer:
 - (i) insert the number of additional Shares you wish to apply for in the space provided on your Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount of your Entitlement and the additional Shortfall Shares.

The closing date for applications under the Shortfall Offer is the Closing Date.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

4.4 Payment by cheque/bank draft

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

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5.00pm WST on the Closing Date.

4.5 Payment by BPAY®

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

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

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 5:00 pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

4.6 Underwriting and effect on control of the Company

The Offer is fully underwritten by the Underwriter. Refer to Section 8.4 of this Prospectus for details of the terms of the underwriting. The Underwriter is not presently a shareholder of the Company and is not a related party of the Company for the purpose of the Corporations Act.

The Underwriter has entered into sub-underwriting arrangements with three sub-underwriters. Those sub-underwriters are:

- (a) JJC Consulting Services Pte Ltd, an unrelated third party that does not currently have any interest in the Company (**Priority Sub-underwriter**); and
- (b) the following related party sub-underwriters:
 - (i) Blazzed Pty Ltd, a company associated with Director Ken Gaunt; and
 - (ii) Mr Jorge Nigaglioni, who is also a Director of the Company,(Blazzed Pty Ltd and Mr Nigaglioni are referred to as the **Related Party Sub-underwriters**).

It is a term of their sub-underwriting arrangements that each of the Related Party Sub-underwriters take up their Entitlements. Details of those Entitlements are set out in Section 8.5 below.

The process for the allocation of the Shortfall is set out in Section 4.8 below. If the Priority Sub-underwriter is required to apply for all of its sub-underwriting commitment, it will acquire a voting power in the Company of up to 17.34%, which is not expected to have a control implication for the Company.

If Blazzed Pty Ltd is required to subscribe for its full sub-underwriting commitment of 28,818,771 Shares under the Shortfall, it will hold a total of 97,533,796 Shares, being a 19.89% interest (based on the capital structure of the Company following completion of the Offer on an undiluted basis and includes Mr Gaunt taking up his Entitlement). As set out in Section 4.8 below, the voting power of Blazzed Pty Ltd will reduce by a corresponding amount to the Entitlements under the Offer taken up by the other shareholders.

Notwithstanding that the Offer is fully sub-underwritten, the number of Shares that may be acquired by the Underwriter, where the Priority Sub-Underwriter and the Related Party Sub-Underwriters fail to take up their sub-underwriting commitments, and its voting power is set out in the table below and shows the potential effect of the underwriting under the Offer. The table assumes that each of the Related Party Sub-underwriters takes up their Entitlement. Given the pricing of the Offer, it is unlikely that no Shareholders, other than those Related Party Sub-underwriters, will take up Entitlements under the Offer. In addition, the Company has invited Eligible Shareholders to subscribe for Shares over and above their Entitlement, which if accepted will have the effect of also limiting the number of Shares that would be allocated to the Underwriter.

The underwriting obligation and therefore voting power of the Underwriter will reduce by a corresponding amount for the amount of Entitlements under the Offer taken up by the other shareholders.

The Underwriter's relevant interest and changes under several scenarios are set out in the table below:

| Event | Shares held by Underwriter | Voting power of Underwriter upon completion of Offer |
|---------------------------------|----------------------------|--|
| Date of Prospectus | Nil | Nil |
| Completion of Entitlement Issue | | |
| • Fully subscribed | Nil | Nil |
| • 75% subscribed | 35,008,542 | 7.14% |
| • 50% subscribed | 70,017,084 | 14.29% |
| • 25% subscribed | 105,025,625 | 21.43% |
| • 14.2% subscribed* | 120,149,316 | 24.5% |

*Representing the Entitlements of Blazzed Pty Ltd and Mr Jorge Nigaglioni.

4.7 Dilution

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 28.57% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders is set out in the table below:

| Holder | Holding as at Record date | % at Record Date | Entitlements under the Offer | Holdings if Offer not taken Up | % post Offer |
|---------------|---------------------------|------------------|------------------------------|--------------------------------|---------------|
| Shareholder 1 | 75,000,000 | 21.42% | 30,000,000 | 75,000,000 | 15.30% |
| Shareholder 2 | 25,000,000 | 7.14% | 10,000,000 | 25,000,000 | 5.10% |
| Shareholder 3 | 10,000,000 | 2.86% | 4,000,000 | 10,000,000 | 2.04% |
| Shareholder 4 | 5,000,000 | 1.43% | 2,000,000 | 5,000,000 | 1.02% |
| Shareholder 5 | 1,000,000 | 0.29% | 1,000,000 | 1,000,000 | 0.20% |
| Total | 350,085,416 | 100% | 140,034,167 | 490,119,583 | 71.42% |

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. In the event all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

4.8 Shortfall Offer

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

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open up to the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.007 being the price at which Shares have been offered under the Offer.

Eligible Shareholders are invited to apply for Shares over and above their Entitlement under the Shortfall Offer by following the instructions in Section 4.3 above. The Directors reserve the right to issue Shortfall Shares at their absolute discretion.

The Company has agreed with the Underwriter to allocate the first 85,000,000 Shortfall Shares to the Priority Sub-underwriter. Following the allocation of those initial 85,000,000 Shortfall Shares, applications from Eligible Shareholders will be considered together with the Related Party Sub-underwriters and will be allocated between the Related Party Sub-underwriters and all applicants for the Shortfall on a pro rata basis.

For this reason, an Eligible Shareholder may not receive any Shares applied for, or may receive less Shares than applied for, under the Shortfall Offer.

Shortfall Shares that are issued to Eligible Shareholders are intended to be issued at the same time as the Shares to be issued pursuant to the acceptance of Entitlements, and in any case within three months of the Closing Date as required by Exception 3 to ASX Listing Rule 7.1 and 7.1A set out in ASX Listing Rule 7.2

4.9 ASX listing

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

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

4.10 Issue of Shares

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

Shares issued pursuant to the Shortfall Offer will be issued on a progressive basis. Where the number of Shares issued is less than the number applied for, or where no issue is made surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

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

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

4.11 Overseas shareholders

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

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

The Offer is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2013.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the 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.

4.12 Enquiries

Any questions concerning the Offer should be directed to David McArthur, Company Secretary, on 08 9315 3511.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$980,239.

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

| Item | Proceeds of the Offer | Full Subscription (\$) | % |
|------|---|------------------------|-------------|
| 1. | Inventory and capital assets to expand the Company's rental and service programmes using its products and remote service stations | \$794,995 | 81% |
| 2. | Expenses of the Offer ¹ | 60,674 | 6% |
| 3. | Working capital and evaluation of business opportunities | \$124,570 | 13% |
| | Total | \$980,239 | 100% |

Notes:

1. Refer to Section 8.8 of this Prospectus for further details relating to the estimated expenses of the Offer.

The Company will be expanding its rental and service programmes through the production of maritime survivor location devices, life jackets and remote service units for deployment in worldwide locations.

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

5.2 Effect of the Offer

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

- (a) increase the cash reserves by \$919,565 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Shares on issue from 350,085,416 as at the date of this Prospectus to 490,119,583 Shares.

5.3 Pro-forma balance sheet

The unaudited balance sheet as at 30 June 2015 and the unaudited pro-forma balance sheet as at 30 June 2015 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

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

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

| | UNAUDITED 30 June 2015 | PROFORMA 30 June 2015 |
|---------------------------------------|---------------------------|--------------------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | 1,487,957 | 2,407,522 |
| Trade and other receivables | 1,454,299 | 1,454,299 |
| Inventories | 2,465,568 | 2,465,568 |
| Other current assets | 770,782 | 770,782 |
| TOTAL CURRENT ASSETS | 6,178,606 | 7,098,171 |
| NON-CURRENT ASSETS | | |
| Plant and equipment | 1,092,060 | 1,092,060 |
| Intangible assets and Goodwill | 3,001,681 | 3,001,681 |
| TOTAL NON-CURRENT ASSETS | 4,093,741 | 4,093,741 |
| TOTAL ASSETS | 10,272,347 | 11,191,912 |
| CURRENT LIABILITIES | | |
| Trade and other payables | 1,702,107 | 1,702,107 |
| Interest bearing loans and borrowings | 158,722 | 158,722 |
| Provisions | 974,809 | 974,809 |
| TOTAL CURRENT LIABILITIES | 2,835,638 | 2,835,638 |
| NON-CURRENT LIABILITIES | | |
| Provisions | 39,281 | 39,281 |
| Notes payable | 2,040,886 | 2,040,886 |
| TOTAL NON-CURRENT LIABILITIES | 2,080,167 | 2,080,167 |
| TOTAL LIABILITIES | 4,915,805 | 4,915,805 |
| NET ASSETS | 5,356,542 | 6,276,107 |
| EQUITY | | |
| Contributed equity | 29,686,317 | 30,605,882 |
| Accumulated Losses | (25,681,020) | (25,681,020) |
| Reserves | 1,351,245 | 1,351,245 |
| TOTAL EQUITY | 5,356,542 | 6,276,107 |

5.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, is set out below.

Shares

| | Number |
|--|--------------------|
| Shares currently on issue | 350,085,416 |
| Shares offered pursuant to the Offer | 140,034,167 |
| Total Shares on issue after completion of the Offer | 490,119,583 |

Options

| | Number |
|---|-------------------|
| Balance at the date of this Prospectus: | |
| • Options exercisable at 20 cents by 22 December 2015 | 625,000 |
| • Options exercisable at 20 cents by 15 October 2015 | 83,333 |
| • Options exercisable at 7.2 cents by 9 June 2016 | 500,000 |
| • Options exercisable at 2.1 cents by 31 January 2018 | 29,670,487 |
| • Options exercisable at 2.7 cents by 1 September 2015 | 2,000,000 |
| To be issued under the Offer | Nil |
| Total Options on issue after completion of the Offer | 32,878,820 |

Convertible Notes

| | Number |
|---|----------|
| To be issued under the Offer | Nil |
| Total Convertible Notes on issue after completion of the Offer^{1&2} | 9 |

Notes:

1. 8 Convertible Notes may convert into 33,333,334 Shares on full conversion at an issue price of \$0.06 per Share with a term expiring 4 August 2016.
2. One Convertible Note with a balance of \$971,525 with a term expiring 7 March 2016. The Convertible Note is convertible at the lesser of \$0.04 or the price of the Entitlement Issue.

Performance Rights

| | Number |
|--|-------------------|
| To be issued under the Offer | Nil |
| Total Performance Rights on issue after completion of the Offer | 19,000,000 |

The capital structure on a fully diluted basis (assuming the Convertible Notes and Performance Rights are not converted into Shares) as at the date of this Prospectus would be 382,964,236 Shares and on completion of the Offer (assuming all Entitlements are accepted and no Options are exercised prior to the Record Date) would be 522,998,403 Shares.

No Shares or Options on issue are subject to escrow restrictions, either voluntary or ASX imposed.

5.5 Details of substantial holders

Based on publicly available information as at 31 August 2015, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

| Shareholder | Shares | % |
|----------------------------|------------|-------|
| Blazzed Pty Ltd | 49,082,161 | 14.0% |
| Newd Corporation Pty Ltd | 32,419,409 | 9.3% |
| Dutch Ink 2010 Pty Ltd | 31,180,728 | 8.9% |
| McNeil Nominees Pty Ltd | 29,784,699 | 8.5% |
| Jayden Investments Pty Ltd | 28,572,115 | 8.2% |

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

6. RIGHTS AND LIABILITIES ATTACHING TO SHARES

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

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

6.1 General meeting and notices

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

6.2 Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meeting of the Company every holder of fully paid ordinary shares present in person or by an attorney, representative or proxy has one vote on a show of hands (unless a member has appointed 2 proxies) and one vote per share on a poll.

A person who holds a share which is not fully paid is entitled, on a poll, to a fraction of the vote equal to the proportion which the amount paid bears to the total issue price of the share.

Where there are two or more joint holders of a share and more than one of them is present at a meeting and renders a vote in respect of the share, the Company will count only the vote cast by the member whose name appears first in the Company's register of members.

6.3 Issue of further shares

The Directors may, on behalf of the Company, issue, grant options over or otherwise dispose of unissued shares to any person on the terms, with the rights and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by the Constitution, the Listing Rules, the Corporations Act and any rights for the time being attached to the shares in any special class of those shares.

6.4 Variation of rights

Unless otherwise provided by the Constitution or by the terms of a class of shares, the rights attached to the shares in any class may be varied or cancelled only with the written consent of the holders of at least three-quarters of the issued shares of the affected class, or by special resolution passed at a separate meeting of the holders of the issued shares of the affected class.

6.5 Transfer of shares

Subject to the Constitution, the Corporations Act and the Listing Rules, ordinary shares are freely transferable.

The shares may be transferred by a proper transfer effected in accordance with the ASX Settlement Operating Rules, by any other method of transferring or dealing with shares introduced by ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by either the Directors or ASX that is permitted by the Corporations Act.

The Directors may decline to register a transfer of shares (other than a proper transfer in accordance with the ASX Settlement Operating Rules) where permitted to do so under the Listing Rules. If the Directors decline to register a transfer, the Company must, after the transfer is delivered to the Company, give the party lodging the transfer written notice in accordance with the Listing Rules of the refusal. The Directors must decline to register a transfer of shares when required by law, by the Listing Rules or by the ASX Settlement Operating Rules.

6.6 Partly paid shares

The Directors may, subject to compliance with the Constitution, the Corporations Act and the Listing Rules, issue partly paid shares upon which there are outstanding amounts payable. These shares will have limited rights to vote and to receive dividends. Future increase in capital.

6.7 Dividends

The Directors may from time to time determine dividends to be distributed to members according to their rights and interests. The Directors may fix the time for distribution and the methods of distribution. Subject to the terms of issue of shares, the Company may pay a dividend on one class of shares to the exclusion of another class.

Each share carries the right to participate in the dividend in the same proportion that the amount for the time being paid on the share (excluding any amount paid in advance of calls) bears to the total issue price of the share.

6.8 Winding up

Subject to the rights of holders of shares with special rights in a winding-up, if the Company is wound up, members will be entitled to participate in any surplus assets of the Company in proportion to the percentage of the capital paid up on their shares when the winding up begins.

6.9 Dividend reinvestment and share plans

The members of the Company, in general meeting, may authorise the Directors to implement and maintain dividend reinvestment plans (under which any member may elect that dividends payable by the Company be reinvested by way of subscription for fully paid shares in the Company) and any other share plans (under which any member may elect to forego any dividends that may be payable on all or some of the shares held by that member and to receive instead some other entitlement, including the issue of fully paid shares).

6.10 Directors

The Constitution states that the minimum number of Directors is three.

6.11 Powers of the Board

Except as otherwise required by the Corporations Act, any other law, the Listing Rules or the Constitution, the Directors have power to manage the business of the Company and may exercise every right, power or capacity of the Company to the exclusion of the members (except to sell or dispose of the main undertaking of the Company).

6.12 Share buy backs

Subject to the provisions of the Corporations Act and the Listing Rules, the Company may buy back shares in itself on terms and at times determined by the Directors.

6.13 Capitalisation of profits

The Company may capitalise profits, reserves or other amounts available for distribution to members. Subject to the Constitution and the terms of issue of shares, members are entitled to participate in a capital distribution in the same proportions in which they are entitled to participate in dividends.

6.14 Capital reduction

Subject to the Corporations Act and the Listing Rules, the Company may reduce its share capital.

7. RISK FACTORS

7.1 Introduction

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

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

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

7.2 Company specific

(a) Financing Risks

The development of the Company's business depends upon the Company's ability to obtain financing of its operations, through private placement financing, debt financing, sale of assets or other means. There is no assurance that the Company will be successful in obtaining finance to satisfy its on-going capital requirements.

(b) Intellectual Property

The Company regards its copyright, trademarks, trade secrets, know-how and similar intellectual property as critical to its success. The Company relies on patent, trademark and copyright law and trade secret protection to protect its intellectual property rights. While the Company will use all reasonable endeavours to protect these rights, the steps that the Company takes to protect its intellectual property rights may be inadequate. The unauthorised use or disclosure of its proprietary technology and systems may have an adverse affect on the Company's operation and financial performance. Patents that may be held by the Company will, as with all patents, expire over time, such that the protection provided by those patents, will cease.

(c) Technology

New technologies may prove to be more commercially viable than the Company's technology. Alternative technologies could also cause competition for markets and resources or cause an adverse change in the Company's ability to enter into joint ventures and other strategic alliances.

(d) Earnings Predictability

The Company's revenue is determined by its success in winning and executing contracts and a number of other factors and is not necessarily certain or reliably predictable. This may affect the price of the Company's securities.

7.3 Industry risks

(a) Share Market Conditions

The price of Shares quoted for trading by the ASX is impacted by various international and domestic factors. As the Company is listed on ASX, its Share price is subject to these numerous influences that may reflect both the trends in the share market and the share prices of individual companies.

The factors which may create fluctuations in the share market include inflation, economic conditions, Australian and foreign trading circumstances, commodity prices, interest rates and exchange rates.

(b) Government Policy and Regulatory Changes

Government policies are subject to review and changes from time to time. Such changes are likely to be beyond the Company's control and may affect industry profitability.

Changes in community attitudes on matters such as taxation and competition policy may bring about reviews and possibly changes in government policies. There is a risk that such changes may affect the Company's business plans or its rights and obligations in respect of its technology. Any such government action may also require increased capital or operating expenditures and could impact the Company's business.

The Company's markets are in Australia and overseas and so domestic and foreign changes could have impact on the Company.

(c) Risk of international operations

International sales and operations are subject to a number of risks, including:

- (i) potential difficulties in enforcing agreements (including joint venture agreements) and collecting receivables through foreign local systems;
- (ii) potential difficulties in protecting intellectual property;
- (iii) increases in costs for transportation and shipping; and
- (iv) restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes.

Any of these factors could materially and adversely affect the Company's business, results of operations and financial condition.

7.4 General risks

(a) Exchange Rate Risks

A large proportion of the Company's revenue is derived from overseas markets and thus exposes the Company's income to exchange rate risks. A proportion of sales are denominated in United States dollars and pounds Sterling, as well as other foreign currencies. Income and

expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar, other currencies and the Australian dollar as determined in international markets.

(b) **Economic Conditions**

Economic conditions, both domestic and global may affect the Company's performance. Factors such as currency fluctuations, inflation, interest rates, supply and demand and industrial disruption may have an impact on operating costs, commodity prices and share market prices. The Company's future possible revenue and share price can be affected by these factors all of which are beyond the Company's control and the Directors' control. In addition, the Company's ability to raise additional capital, should it be required, may be affected.

(c) **Taxation**

The Company is subject to various forms of taxation, of which income tax and the goods and services tax are expected to have the most significant impact. There is an ongoing risk that changes to taxation legislation may adversely impact revenues or expenditures, and therefore the Company's financial performance.

(d) **Contractual Risks and Other Legal Risks**

All agreements entered into by the Company are subject to interpretation. There is no guarantee that the Company will be able to enforce all its rights under its agreements with third parties.

The introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's operations or contractual obligations, could impact adversely on the Company's assets, operations, financial performance and share price.

(e) **Reliance on Key Personnel and Availability**

The Company is reliant upon its Board and key employees. The loss of any of these personnel may have a materially adverse impact on the Company's business, and the Company's financial performance. There is also a shortage of qualified people and competition for key staff, particularly in Australia due to various economic factors.

(f) **Access to Capital Markets**

To finance its operations the Company may require access to capital markets. The availability and pricing of debt and equity finance is subject to general market conditions. The Company's ability to access capital markets is also dependent upon its own performance and industry specific factors.

(g) **Changes to the business**

The Directors of the Company are continuously assessing all opportunities to deliver value and/or a liquidity event to shareholders. These include potential acquisitions to boost growth, diversification opportunities to increase revenues and following up on any market interest in the acquisition of Mobilarm assets.

7.5 Speculative investment

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

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

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

8. ADDITIONAL INFORMATION

8.1 Litigation

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

8.2 Continuous disclosure obligations

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

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

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

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

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

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

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

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

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

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

| Date | Description of Announcement |
|------------|---|
| 31/08/2015 | Preliminary Final Report |
| 18/08/2015 | Second Supplementary Prospectus – 18 August 2015 |
| 17/08/2015 | Mobilarm withdraws of Entitlements Issue to Issue New Offer |
| 13/08/2015 | Dispatch of Entitlement Offer Documents - 13 August 2015 |
| 10/08/2015 | Supplementary Prospectus - 10 August 2015 |
| 03/08/2015 | Entitlement Offer Prospectus - 31 July 2015 |
| 31/07/2015 | Appendix 3B - 31 July 2015 |
| 31/07/2015 | Underwritten Rights Issue - 31 July 2015 |
| 31/07/2015 | Appendix 4C - 30 June 2015 Quarterly Report |
| 12/05/2015 | Notice of Unlisted Options Expiry & Appendix 3B - 12 May-15 |
| 30/04/2015 | Appendix 4C - quarterly |
| 24/03/2015 | Results of General Meeting held 23 March 2015 - 24 Mar-15 |
| 27/02/2015 | Half Year Report and Accounts |
| 27/02/2015 | Appendix 3(B) - 27 February 2015 |
| 18/02/2015 | Dispatch of Notice of General Meeting - 18 Feb-15 |
| 10/02/2015 | Appendix 3B - 10 February 2015 |
| 04/02/2015 | Mobilarm \$2M Conv Note issue attracts high profile investors |
| 30/01/2015 | Appendix 4C - quarterly |
| 02/12/2014 | Appendix 3Y Ken Gaunt - 2 Dec-14 |
| 02/12/2014 | Issue of Options Cancellation of Options & Appendix 3B |
| 27/11/2014 | Results of Annual General Meeting - 27 November 2014 |
| 31/10/2014 | Appendix 4C - quarterly |

| Date | Description of Announcement |
|------------|---|
| 29/10/2014 | Dispatch of 2014 Annual Report and Notice of AGM |
| 01/10/2014 | Mobilarm announces record finish to first quarter |
| 30/09/2014 | Annual Report to shareholders |

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

The announcements are also available through the Company's website www.mobilarm.com.

8.3 Market price of shares

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

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

| | | |
|---------|--------|---|
| Highest | \$0.05 | 29 May 2015 to 5 June 2015, 9 June 2015 to 26 June 2015 |
| Lowest | \$0.02 | 10 to 28 August 2015 |
| Last | \$0.02 | 31 August 2015 |

8.4 Underwriting Agreement

By an agreement between the Underwriter and the Company (**Underwriting Agreement**), the Underwriter agreed to fully underwrite the Offer for 140,034,167 Shares (**Underwritten Securities**).

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter a cash fee of \$25,000 (exclusive of GST) as consideration for the underwriting obligation undertaken by the Underwriter. The Company has also agreed to pay all of the Underwriter's reasonable legal costs of \$8,000 incurred in respect of the Offer.

The Agreement is conditional upon (among other things):

- (a) the Underwriter completing a review of the Company to its satisfaction;
- (b) the Underwriter obtaining sufficient sub-underwriting commitments for the Offer to its sole satisfaction; and
- (c) the Underwriter not being bound to underwrite the Offer unless and until the Company lodges the Prospectus with ASIC.

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

- (a) (**Indices fall**): the S&P ASX 200 Index is at any time after the date of the Underwriting Agreement 20% or more or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement; or

- (b) **(Share price)**: the Shares finish trading on the ASX under the ASX code of "MBO" on any ten (10) consecutive trading days with a closing price that is less than the issue price of \$0.007 per Share;
- (c) **(Prospectus)**: the Company does not lodge the Prospectus on the date of lodgement of the Prospectus in accordance with the Timetable or the Prospectus or the Offer is withdrawn by the Company; or
- (d) **(Supplementary prospectus)**:
 - (i) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence, forms the view on reasonable grounds that a supplementary prospectus should be lodged with ASIC for any of the reasons referred to in Section 719 of the Corporations Act and the Company fails to lodge a supplementary prospectus in such form and content and within such time as the Underwriter may reasonably require; or
 - (ii) the Company lodges a supplementary prospectus without the prior written agreement of the Underwriter; or
- (e) **(Non compliance with disclosure requirements)**: it transpires that the Prospectus does not contain all the information that investors and their professional advisers would reasonably require to make an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (ii) the rights and liabilities attaching to the Underwritten Securities; or
- (f) **(Misleading Prospectus)**: it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of Sections 711, 713 and 716 of the Corporations Act) or if any statement in the Prospectus becomes misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive; or
- (g) **(proceedings)**: ASIC, the Takeover Panel or any other person proposes to conduct any enquiry, investigation or proceedings, or to take any regulatory action or to seek any remedy, in connection with the Offer or the Prospectus, or publicly foreshadows that it may do so;
- (h) **(Unable to Issue Securities)**: the Company is prevented from issuing the Underwritten Securities within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi governmental agency or authority; or
- (i) **(future matters)**: any statement or estimate in the Prospectus which relates to a future matter is or becomes incapable of being met or, in the reasonable opinion of the Underwriter, unlikely to be met in the projected timeframe;

- (j) **(Withdrawal of consent to Prospectus)**: any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent; or
- (k) **(No Quotation Approval)**: the Company fails to lodge an Appendix 3B in relation to the Underwritten Securities with ASX within 7 days of the date of lodgement of the Prospectus; or
- (l) **(ASIC application)**: an application is made by ASIC for an order under Section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the Shortfall Notice Deadline Date has arrived, and that application has not been dismissed or withdrawn; or
- (m) **(ASIC hearing)**: ASIC gives notice of its intention to hold a hearing under Section 739 of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or ASIC makes an interim or final stop order in relation to the Prospectus under Section 739 of the Corporations Act; or
- (n) **(Takeovers Panel)**: the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act; or
- (o) **(Authorisation)**: any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter acting reasonably; or
- (p) **(Indictable offence)**: a director or senior manager of a Relevant Company is charged with an indictable offence;
- (q) **(Capital structure)**: the Company alters its capital structure without the prior written consent of the Underwriter, other than:
 - (i) in accordance with the Underwriting Agreement or in connection with the Offer; or
 - (ii) the issue of Shares on exercise of the options on issue at the date of the Prospectus;
- (r) **(Suspension)** trading in Shares is suspended during any period between the Opening Date and the Settlement Date;
- (s) **(Change in management)**: a material change in the senior management or in the board of directors of the Company occurs;
- (t) **(Prescribed Occurrence)**: a Prescribed Occurrence (as defined in the Underwriting Agreement) occurs, other than as disclosed in the Prospectus;
- (u) **(Suspension of debt payments)**: the Company suspends payment of its debts generally;
- (v) **(Event of Insolvency)**: an Event of Insolvency (as defined in the Underwriting Agreement) occurs in respect of a Relevant Company;

- (w) **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of a Relevant Company (other than as a result of the Offer or a matter disclosed in the Prospectus) or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company;
- (x) **(Termination Events)**: any of the following events occurs:
- (i) **(Hostilities)**: there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China or any member of the European Union other than hostilities involving Libya, Afghanistan, Iraq, Iran, Syria, Lebanon or Israel and the Underwriter believes (on reasonable grounds) that the outbreak or escalation is likely to result in the S&P ASX 200 Index falling by the percentage contemplated by clause (a) above;
 - (ii) **(Default)**: default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
 - (iii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect in a material respect;
 - (iv) **(Contravention of constitution or Act)**: a material contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
 - (v) **(Adverse change)**: an event occurs which gives rise to a Material Adverse Effect (as defined in the Underwriting Agreement) or any adverse change or any development including a likely Material Adverse Effect after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
 - (vi) **(Error in Due Diligence Results)**: it transpires that any of the Due Diligence Results or any part of the Verification Material (as defined in the Underwriting Agreement) was, misleading or deceptive, materially false or that there was a material omission from them;
 - (vii) **(Significant change)**: 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;
 - (viii) **(Public statements)**: without the prior approval of the Underwriter a public statement is made by the Company in

relation to the 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 and/or the Corporations Act;

- (ix) **(Misleading information)**: any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive;
- (x) **(Official Quotation qualified)**: the official quotation is qualified;
- (xi) **(Change in Act or policy)**: there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy that has not been publicly disclosed or proposed as at the date of the Underwriting Agreement;
- (xii) **(Timetable)**: there is a delay in any specified date in the Timetable which is greater than 2 Business Days;
- (xiii) **(Force Majeure)**: a Force Majeure (as defined in the Underwriting Agreement) affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs;
- (xiv) **(Certain resolutions passed)**: a Relevant Company passes or takes any steps to pass a resolution under Section 254N, Section 257A or Section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (xv) **(Breach of Material Contracts)**: any of the material contracts is terminated or substantially modified or a fact, matter or circumstance occurs which may have a material adverse effect on the Company's ability or willingness to complete, satisfy any conditions precedent or otherwise perform its obligations in connection with any Contracts; or
- (xvi) **(business)**: except as previously disclosed to the ASX or in writing to the Underwriter, any of the Relevant Companies:
 - (A) disposes or agrees to dispose of the whole or a substantial part of its business or property; or
 - (B) ceases, or threatens to cease, carrying on its business,

in either case, without the prior written consent of the Underwriter, not to be unreasonably withheld.
- (y) The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

8.5 Interests of Directors

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

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

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

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

Security holdings

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

| Director | Shares | Options | Performance Share Rights | Entitlement | \$ |
|----------------------------------|------------|------------|--------------------------|-------------|---------|
| Sir Tim McClement | 1,000,000 | 2,000,000 | - | 400,000 | N/A |
| Mr Ken Gaunt | 49,082,161 | 29,670,487 | - | 19,632,865 | N/A |
| Mr Jorge Nigaglioni ¹ | 636,415 | - | 5,000,000 | 254,566 | 636,415 |

The Board recommends all Shareholders take up their Entitlement and advises that all Directors (other than Sir Tim McClement who is ineligible to participate in the Offer) intend to take up their respective Entitlements.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions

by each non-executive Director. The current amount has been set at an amount not to exceed \$200,000 per annum.

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

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

| Director | Current (proposed) | 2015 | 2014 |
|---------------------|--------------------|-----------|-----------|
| Sir Tim McClement | \$130,000 | \$67,000 | \$130,000 |
| Mr Ken Gaunt | \$240,000 | \$240,000 | \$240,000 |
| Mr Jorge Nigaglioni | \$180,000 | \$180,000 | \$180,000 |

8.6 Interests of experts and advisers

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

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

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

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

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

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

Gleneagle Securities (Aust) Pty Limited will be paid an underwriting fee of approximately \$25,000 (exclusive of GST) in respect of this Offer. During the 24 months preceding lodgement of this Prospectus with the ASIC, the Company has not paid any fees to Gleneagle Securities (Aust) Pty Limited.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$10,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$70,261 (excluding GST and disbursements) for legal services provided to the Company.

8.7 Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section;
- (c) Gleneagle Securities (Aust) Pty Limited has given its written consent to being named as underwriter to the Offer in this Prospectus, in the form and context in which it is named;
- (d) Gleneagle Securities (Aust) Pty Limited (including its related entities) is not a Shareholder of the Company and currently has no relevant interest in any of the Company's securities; and
- (e) Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.8 Expenses of the offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$60,674 (excluding GST) and are expected to be applied towards the items set out in the table below:

| | \$ |
|---------------------------|--------|
| ASIC fees | 2,320 |
| ASX fees | 4,854 |
| Underwriting fees | 25,000 |
| Legal fees | 22,500 |
| Printing and distribution | 5,000 |
| Miscellaneous | 1,000 |
| Total | 60,674 |

8.9 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 8 9315 3511 and the Company will send you, for free, either a hard copy or a further electronic copy

of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.mobilarm.com.

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

8.10 Financial forecasts

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

8.11 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

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

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

8.12 Privacy Act

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

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

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

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules.

You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

9. DIRECTORS' AUTHORISATION

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

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

Ken Gaunt

Director

For and on behalf of

Mobilarm Limited

10. GLOSSARY

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

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

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

ASIC means the Australian Securities and Investments Commission.

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

ASX Listing Rules means the listing rules of the ASX.

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

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

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

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

Company means Mobilarm Limited (ACN 106 513 580).

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

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

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

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

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

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

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Prospectus means this prospectus.

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

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

Shareholder means a holder of a Share.

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

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

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in Section 4.8 of this Prospectus.

Shortfall Shares means those Shares issued pursuant to the Shortfall.

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