

WELLFULLY

ACN 056 482 636

Prospectus

For:

- **the offer of one (1) free-attaching New Option for every one (1) Placement Share issued to Placees (Placement Offer); and**
- **the offer to the Lead Manager of 15,000,000 New Options, at an issue price of \$0.0001 (0.01 cents) per New Option (Broker Offer),**

(together, the Offers).

This is an important document and requires your immediate attention. It should be read in its entirety. Please consult your professional adviser(s) if you have any questions about this document.

Investment in the New Options offered pursuant to this Prospectus should be regarded as highly speculative in nature, and investors should be aware that they may lose some or all of their investment. Refer to Section 3 for a summary of the key risks associated with an investment in the New Options.

Important Notice

This Prospectus is dated, and was lodged with ASIC on 23 December 2022. Neither ASIC nor ASX (or their respective officers) take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. The expiry date of this Prospectus is 5.00pm AWST on that date which is thirteen (13) months after the date this Prospectus was lodged with ASIC. No New Options will be issued on the basis of this Prospectus after that expiry date.

Application for Official Quotation of the New Options offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Offers, other than as is 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 Offers.

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

Exposure Period

No exposure period applies to the Offers.

Electronic Prospectus and Application Forms

This Prospectus will generally be made available in electronic form by being posted on the Company's website at <https://wellfully.net/>. Persons having received a copy of this

Prospectus in its electronic form may obtain an additional paper copy of this Prospectus and the relevant Application Form (free of charge) from the Company's Australian registered office during the Offer period by contacting the Company. Contact details for the Company and details of the Company's Australian registered office are detailed in the Corporate Directory. The Offers constituted by this Prospectus in electronic form are only available to persons receiving an electronic version of this Prospectus and relevant Application Forms within Australia.

Applications will only be accepted on the relevant Application Forms attached to, or accompanying, this Prospectus or in its paper copy form as downloaded in its entirety from <https://wellfully.net/>. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is accompanied by or attached to a complete and unaltered copy of this Prospectus.

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 relevant Offer(s) detailed in this Prospectus.

Website

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

Foreign Investors

No action has been taken to register or qualify the New Options the subject of this Prospectus, or the Offers, or otherwise to permit the public offering of the New Options, in any jurisdiction outside Australia.

The distribution of this Prospectus in jurisdictions outside of Australia may be restricted by law and persons who

come into possession of this Prospectus outside of Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer of New Options in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

Continuously Quoted Securities

In preparing this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and their professional advisers. This Prospectus is issued pursuant to section 713 of the Corporations Act. 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.

Speculative Investment

The New Options offered pursuant to this Prospectus should be considered highly speculative. There is no guarantee that the New Options offered pursuant to this Prospectus will make a return on the capital invested, that dividends will be paid on the New Options or that there will be an increase in the value of the New Options in the future.

Prospective investors should carefully consider whether the New Options offered pursuant to this Prospectus are an appropriate investment for them in light of their personal circumstances, including their financial and taxation position. Refer to Section 3 for details relating to the key risks applicable to an investment in the New Options.

Using this Prospectus

Persons wishing to subscribe for New Options offered by this Prospectus should read this Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses, and prospects of the Company and the rights and liabilities attaching to the New Options offered pursuant to this Prospectus. If persons considering subscribing for New Options offered pursuant to this Prospectus have any questions, they should consult their stockbroker, solicitor, accountant or other professional adviser for advice.

Forward-Looking Statements

This Prospectus may contain forward-looking statements which are identified by words such as “believes”, “estimates”, “expects”, “targets”, “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 risk factors associated with an investment in the Company are detailed in Section 3. These and other factors could cause actual results to differ materially from those expressed in any forward-looking statements.

The Company has no intention to update or revise forward- looking

statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

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

Currency

All financial amounts contained in this

Prospectus are expressed as Australian currency unless otherwise stated. Conversions may not reconcile due to rounding. All references to "\$" or "A\$" are references to Australian dollars.

Time

All references to time in this Prospectus are references to AWST, being the time in Perth, Western Australia, unless otherwise stated.

Glossary

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

Corporate Directory

Directors

Mr Paul Peros, Executive Chairman

Mr Jeffrey Edwards, Managing Director

Mr Steven Schapera, Non-Executive Director

Mr Andrew Wortlock, Non-Executive Director

Company Secretary

Mr Henko Vos

Registered Office

Level 1, 284 Oxford Street,
Leederville, Western Australia

Share Registry *

Automic Group,
Level 5, 126 Phillip Street,
Sydney, New South Wales

Lead Manager

CPS Capital Group Pty Ltd
Level 45, 108 St Georges Terrace
Perth, Western Australia

Auditor *

RSM Australia Partners
Level 32, Exchange Tower,
2 The Esplanade,
Perth, Western Australia

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

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Investment Overview

Topic	Summary	More Information
What are the Offers and what are their key terms?	<p>The Placement Offer is the offer of one (1) free-attaching New Option for every one (1) Placement Share issued to Placees.</p> <p>The Broker Offer is the offer to the Lead Manager of 15,000,000 New Options, at an issue price of \$0.0001 (0.01 cents) per New Option.</p>	See Section 1.1.
What is the Placement?	<p>On 10 October 2022, the Company announced that it intended to undertake a placement of Shares to Sophisticated Investors at \$0.022 (2.2 cents) per Share to raise \$2,363,922 before costs.</p> <p>The Company issued 107,450,999 Shares pursuant to the Placement on or about 10 October 2022 (utilising the Company's then current placement capacity pursuant to Listing Rule 7.1).</p>	See Section 1.1.
What is the purpose of the Offers?	<p>The purpose of the Offers is to:</p> <ul style="list-style-type: none"> • facilitate the issue of the free-attaching New Options for the purposes of the Placement; • remove any secondary trading sale restrictions on the New Options; and • raise up to approximately \$1,500 pursuant to the Broker Offer (assuming the Broker Offer is fully subscribed). 	See Section 1.4.
What are the key risks of investing in the Company?	<p>The business, assets and operations of the Company are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the securities of the Company.</p> <p>The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which they can effectively manage them is limited.</p> <p>Set out below are specific risks that the Company is exposed to:</p> <ul style="list-style-type: none"> • Funding <p>As at the date of this Prospectus, the Company has a cash balance of approximately \$86,646.</p> <p>The Group will need to access additional working capital in the next 6 months to continue its operations, and to ensure (i) the realisation of assets on an orderly basis and (ii) the extinguishment of liabilities as and when they fall due. The</p>	See Section 3.

Topic	Summary	More Information
	<p>Company's future capital requirements will also depend on the realisation of revenue from commercialisation of the Company's own products.</p> <p>In particular, the Group incurred a loss of \$7,302,969 and had net cash outflows from operating activities and investing activities of \$8,249,081 and \$32,430 respectively for the financial year ended 30 June 2022. These events and conditions indicate that material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern.</p> <p>In addition, the Company intends to identify, evaluate and source new business opportunities that meet investment criteria set by the Company, such as the proposed merger with German business, The Brandbase, as announced to ASX on 6 December 2022. The Company may require additional funds to fund these new business opportunities.</p> <p>There can be no assurance that additional financing will be available on acceptable terms, or at all. Any inability to obtain additional finance, if required, will have a material adverse effect on the Company's business and its financial condition and performance. If no additional funding is able to be sourced, the Company may not be able to continue operations.</p> <ul style="list-style-type: none"> Force majeure <p>The Company, now or in the future, may be adversely affected by risks outside the control of the Company including epidemics and pandemics (such as the novel coronavirus), labour unrest, machinery or equipment breakdown or damage, transportation disruptions, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes or quarantine restrictions. In particular, the current coronavirus pandemic has restricted world travel and public gatherings (including attendance on retail outlets) which will impact the Company's operations, including in relation to sales and product distribution.</p> Climate change <p>There are a number of climate-related factors that may affect the Company's business or its assets. For instance:</p> <ul style="list-style-type: none"> climate change or prolonged periods of adverse weather and climatic conditions (including rising sea levels, floods, hail, drought, water, scarcity, temperature extremes, 	

Topic	Summary	More Information
	<p>frosts, earthquakes and pestilences) may have an adverse effect on the Company's ability to access and utilise its operations and/or on the Company's ability to transport or sell its products; and</p> <ul style="list-style-type: none"> changes in policy, technological innovation and consumer or investor preferences could adversely impact the Company's business strategy or the value of its assets, or may result in less favourable pricing for products, particularly in the event of a transition (which may occur in unpredictable ways) to a lower-carbon economy. <ul style="list-style-type: none"> Technology risk The Dermaportation (DP) and Enhanced Transdermal Polymer (ETP) delivery platforms are early-stage technologies that require significant further development to evaluate, optimise and validate the delivery systems for future transdermal product development. In vitro skin diffusion results from third party studies and evaluations have shown preliminary evidence of in vitro transdermal delivery however there is no guarantee that other factors did not contribute to those results. The Company has engaged third party consultants and initiated various study and evaluation programs to identify and optimise the key technology, equipment and skin modelling with the aim of improving the reliability and repeatability of DP and ETP enhanced drug diffusion, but there can be no certainty that this aim can be achieved. The Company can give no guarantees that either the DP or ETP technology will successfully achieve in vivo proof-of-concept nor any commercial outcomes. Market risk The Company operates in the transdermal drug delivery market which includes multiple market segments for potential pharmaceutical and cosmetic patch applications. The Company is seeking to further diversify its business risk by acquiring or in-licensing new technologies or products. There can be no assurance that the Company will secure such new business opportunities or that the new opportunities will provide additional value to the Company. The Company may also be adversely affected by the general market sentiment towards the biotechnology sector. Competitive risk and market acceptance 	

Topic	Summary	More Information
	<p>Multiple early-stage and mature competitors exist in the transdermal drug delivery market including those that have more advanced passive and active transdermal technologies and products marketed or in development such as iontophoresis, microneedles, radio-frequency and heat-assisted technologies. Competition by superior transdermal or alternative drug delivery technologies and/or products may negatively affect the potential of the Group's technologies and/or future products.</p> <p>The success of the Group's DP and ETP delivery platforms will depend on the competitiveness and acceptance of such technology by the market, as well as the Company's ability to improve the drug delivery profile or cost of proposed transdermal products to meet the evolving needs of customers on a timely basis. The global marketplace for most products is constantly changing due to new technologies, new products, changes in preferences, changes in regulations and other factors influencing market acceptance or market rejection. This market volatility and risk exists despite the best endeavours of market research, promotion and sales and licensing campaigns.</p> <ul style="list-style-type: none"> Reliance on key management <p>The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel.</p> <p>There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.</p> <p>The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company and you should refer to the additional risk factors in Section 3 of this Prospectus before deciding whether to apply for New Options pursuant to this Prospectus.</p>	
What is the effect of the Offers on the capital structure of the Company?	The maximum number of New Options that may be issued under the Offers is approximately 122,450,999 New Options which will, on a fully-diluted basis (ie. if all New Options are issued pursuant to the Offers and then exercised, but no Existing Options are exercised and no performance rights are converted), equate to dilution to Shareholders' holdings by approximately 24% (as compared to their holdings and number of Shares on issue as at the date of this Prospectus).	See Section 2.1.

Topic	Summary	More Information
Are the Offers subject to a minimum subscription?	No.	See Section 1.3.
Who can participate in the Offers?	Placees may participate in the Placement Offer.	See Section 1.11.
How can I obtain further information?	Further information can be obtained by reading this Prospectus and consulting your professional advisors. You can also contact the Company on +61 8 9463 2463 for further details.	Corporate Directory.
Company contact	You can contact the Company Secretary on +61 8 9463 2463 for further details.	Corporate Directory.

1. DETAILS OF THE OFFERS

1.1 The Placement Offer

The Company has undertaken a placement of Shares to sophisticated and professional investors (as defined in sections 708(8) and 708(11) of the Corporations Act) being clients of the Lead Manager. The Placement comprised the issue of 107,450,999 Shares at an issue price of \$0.022 (2.2 cents) per Share to raise up to \$2,363,922 (before costs).

Under the Placement Offer the Company proposes to issue 1 New Option for every 1 Placement Share subscribed for by Placees.

1.2 The Broker Offer

The Broker Offer is the offer to the Lead Manager of 15,000,000 New Options, at an issue price of \$0.0001 (0.01 cents) per New Option.

The Broker Offer is open to the Lead Manager only to subscribe for New Options and is not open to the general public.

1.3 Minimum subscription

The Offers are not subject to a minimum subscription condition.

1.4 Purpose of Prospectus

The purpose of this Prospectus is to:

- (a) facilitate the issue of the free-attaching New Options for the purposes of the Placement;
- (b) remove any secondary trading sale restrictions on the New Options; and
- (c) raise up to approximately \$1,500 pursuant to the Broker Offer (assuming the Broker Offer is fully subscribed).

1.5 Indicative Timetable

The timetable for the Offer is as follows:

Event	Date
Lodge Prospectus with ASIC and ASX	23 December 2022
Opening Date	23 December 2022
Closing Date	28 December 2022

The above dates are indicative only and may be subject to change.

The Directors reserve the right to vary these dates, including the Closing Date, without prior notice but subject to any applicable requirements of the Corporations Act or the Listing Rules. This may include extending the Offer or

accepting late acceptances, either generally or in particular cases or withdrawing the Offer.

No cooling-off rights apply to applications submitted under the Offers. The commencement of quotation of the New Options is subject to confirmation from ASX.

1.6 Use of funds

After paying the expenses of the Offers, no funds will be raised from the Offers.

1.7 CHESS

The Company operates an electronic CHESS sub-register and an electronic issue sponsored sub-register. These two sub-registers will make up the Company's register of shares. The Company will not issue certificates to Shareholders. Rather, holding statements (similar to bank statements) will be dispatched to Shareholders as soon as practicable after allotment. Holding statements will be sent either by CHESS (for Shareholders who elect to hold Shares on the CHESS sub-register) or by the Company's Share Registry (for Shareholders who elect to hold their Shares on the issuer sponsored sub-register). The statements will set out the number of New Options allotted under the Prospectus and provide details of a Shareholder's Holder Identification Number (for Shareholders who elect to hold securities on the CHESS sub register) or Shareholder Reference Number (for Shareholders who elect to hold their securities on the issue sponsored sub-register). Updated holding statements will also be sent to each Shareholder following the month in which the balance of their Shareholding changes, and also as required by the Listing Rules or the Corporations Act.

1.8 Official Quotation

The Company will apply to ASX for the New Options being offered by this Prospectus to be granted Official Quotation.

If ASX does not grant permission for Official Quotation within 3 months after the date of this Prospectus (or within such longer period as may be permitted by ASIC) none of the New Options offered by this Prospectus will be allotted and issued. If no allotment and issue is made, all Application Monies will be refunded to Applicants (without interest) as soon as practicable.

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, its Shares or the New Options offered pursuant to this Prospectus.

1.9 Withdrawal

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

1.10 Risk factors of an investment in the Company

Prospective investors should be aware that an investment in the Company should be considered highly speculative and involves a number of risks inherent in the business of the Company. Section 3 details the key risk factors which prospective investors should be aware of. It is recommended that prospective investors consider these risks carefully before deciding whether to invest in the Company.

This Prospectus should be read in its entirety. If you have any questions about the desirability of, or procedure for, investing in the Company please contact your stockbroker, accountant or other independent adviser.

1.11 Overseas applicants

No action has been taken to register or qualify the New Options, or the Offers, or otherwise to permit the public offering of the New Options, in any jurisdiction outside of Australia.

The distribution of this Prospectus within jurisdictions outside of Australia may be restricted by law and persons into whose possession this Prospectus comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws.

This Prospectus does not constitute an offer of New Options in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

It is the responsibility of any overseas Applicant to ensure compliance with all laws of any country relevant to his or her Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty that there has been no breach of such law and that all necessary approvals and consents have been obtained.

1.12 Underwriting

The Offers are not underwritten.

1.13 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 2022 is contained in the Annual Report which is available on the Company's website at <https://wellfully.net/>.

The Company's continuous disclosure notices (i.e. ASX announcements) since the lodgement of its Annual Report for the year ended 30 June 2022 with ASX on 3 October 2022 are detailed in Section 5.1.

Copies of these documents are available free of charge from the Company or the Company's website: <https://wellfully.net/>. The Directors strongly recommend that Applicants review these and all other announcements prior to deciding whether or not to participate in the Offers.

1.14 Paper copies of prospectus

The Company will provide paper copies of this Prospectus (including any supplementary or replacement document) and the applicable Application Form to investors upon request and free of charge. Requests for a paper copy from Australian resident investors should be directed to the Company Secretary on +61 8 9463 2463.

1.15 Enquiries

This Prospectus provides information for potential investors in the Company, and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or independent financial adviser. Enquiries from Australian resident investors relating to this Prospectus, or requests for additional copies of this Prospectus, should be directed to the Company Secretary on +61 8 9463 2463.

2. EFFECT OF THE OFFERS

2.1 Capital Structure

Following the issue of New Options under the Offers (assuming all New Options Offered under this Prospectus are issued), the Company's capital structure will be impacted as follows (on an undiluted basis):

- (a) the Company may issue up to 122,450,999 New Options;
- (b) the Company's cash funds will not materially decrease;
- (c) the total number of Shares on issue will be 391,148,229, and the total number of securities other than Shares on issue are as follows:
 - (i) 122,450,999 New Options (assuming 122,450,999 New Options under the Offers are issued);
 - (ii) 220,253,947 Existing Options, excluding the New Options; and
 - (iii) 15,000,000 performance rights; and
- (d) secondary trading sale restrictions on the New Options will be removed.

2.2 Dilution

Shareholders should note that if all New Options are issued pursuant to the Offers and then exercised (but no Existing Options are exercised and no performance rights are converted), their holdings are likely to be diluted by approximately 24% (as compared to their holdings and number of Shares on issue as at the date of this Prospectus).

If none of the New Options and Existing Options are exercised, the Offers (excluding the impact of the Placement) would have no dilutive effect on Shareholders.

2.3 Effect of the Offer on control

The Offers will have no significant effect on the control of the Company.

2.4 Pro-forma statement of financial position

As at the date of this Prospectus, the Company has a cash balance of approximately \$86,646.

Set out below are the Company's Consolidated Statement of Financial Position as at 30 June 2022 (audited) and the Company's Pro-Forma Consolidated Statement of Financial Position (**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 2022.

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 June 2022 and the completion of the Offers except for the matters the subject of notes below, including:

- (a) completion of the Placement (fully-subscribed) to raise \$2,363,922 (before costs); and
- (b) estimated costs of the Offers and the Placement of \$156,018.

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 2022 and should be read in conjunction with that Financial Report.

	AUDITED WFL 30/06/2022 ¹ \$	PROFORMA Adjustments \$	PROFORMA Consolidated Balance Sheet \$
CURRENT ASSETS			
Cash	317,669	2,317,904	2,635,573
Trade and other receivables	1,322,052	-	1,322,052
Inventories	348,071	-	348,071
TOTAL CURRENT ASSETS	1,987,792	2,317,904	4,305,696
NON-CURRENT ASSETS			
Plant and equipment	301,220	-	301,220
Right-of use asset	331,195	-	331,195
TOTAL NON-CURRENT ASSETS	632,415	-	632,415
TOTAL ASSETS	2,620,207	2,317,904	4,938,111
CURRENT LIABILITIES			
Trade and other payables	1,258,956	-	1,258,956
Contract liabilities	130,989	-	130,989
Lease liabilities	198,167	-	198,167
Borrowings	168,000	-	168,000
Provisions	119,978	-	119,978
TOTAL CURRENT LIABILITIES	1,876,090	-	1,876,090
NON-CURRENT LIABILITIES			
Lease liability	124,560	-	124,560
TOTAL NON-CURRENT LIABILITIES	124,560	-	124,560
TOTAL LIABILITIES	2,000,650	-	2,000,650
NET ASSETS (LIABILITIES)	619,557	2,317,904	2,937,461
EQUITY			
Share capital	48,128,011	2,156,256	50,284,267
Reserves	635,329	438,615	1,073,944
Retained loss	(48,143,783)	(276,967)	(48,420,750)

TOTAL EQUITY	619,557	2,317,904	2,937,461
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Note 1

Position of the Company as stated in its most recently published financial statements for the year ended 30 June 2022 and lodged with ASX on 3 October 2022.

Note 2

Subsequent to the Placement, the Company has repaid debt, including loans and trade creditors. As at the date of this Prospectus, the Company has a cash balance of approximately \$86,646.

Note 3

Increase in cash relates to the proceeds from issue of:

- 106,678,274 shares at \$0.022 per share as announced on the ASX on 10 October 2022
- 772,724 shares at \$0.022 per share as announced on the ASX on 8 November 2022
- 5,000,000 shares at \$0.022 per share as announced on the ASX on 4 November 2022

Net of capital raising costs paid in cash of \$156,018

Note 4

Increase in share capital relates to the issue of:

- 106,678,274 shares at \$0.022 per share as announced on the ASX on 10 October 2022
- 772,724 shares at \$0.022 per share as announced on the ASX on 8 November 2022
- 5,000,000 shares at \$0.022 per share as announced on the ASX on 4 November 2022

Net of capital raising costs of \$156,018 paid in cash and \$161,648 paid by issuing options.

Note 5

Movement in reserves relates to the issue of:

- 15 million broker options issued to the Lead Manager for the placement. The options are exercisable at \$0.033 and expire 2 years from the date of issue. The options were valued at \$161,648.
- 10 million options issued in exchange for investor services. The options are exercisable at \$0.022 and expire 3 years from the date of issue. The options were valued at \$276,967.

Note 6

The movement in retained earnings relates to the 10 million options valued at \$276,967 as outlined in note 5.

3. RISK FACTORS

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

The proposed future activities of the Company are subject to a number of risks and other factors which may impact 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 Company and cannot be mitigated.

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. Some of the factors which investors should consider before they make a decision whether or not to apply for New Options include, but are not limited to, the risks in this Section 3.

3.1 Company Specific Risks

(a) Funding

As at the date of this Prospectus, the Company has a cash balance of approximately \$86,646.

The Group will need to access additional working capital in the next 6 months to continue its operations, and to ensure (i) the realisation of assets on an orderly basis and (ii) the extinguishment of liabilities as and when they fall due. The Company's future capital requirements will also depend on the realisation of revenue from commercialisation of the Company's own products.

In particular, the Group incurred a loss of \$7,302,969 and had net cash outflows from operating activities and investing activities of \$8,249,081 and \$32,430 respectively for the financial year ended 30 June 2022. These events and conditions indicate that material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern.

In addition, the Company intends to identify, evaluate and source new business opportunities that meet investment criteria set by the Company, such as the proposed merger with German business, The Brandbase, as announced to ASX on 6 December 2022. The Company may require additional funds to fund these new business opportunities.

There can be no assurance that additional financing will be available on acceptable terms, or at all. Any inability to obtain additional finance, if required, will have a material adverse effect on the Company's business and its financial condition and performance. If no additional funding is able to be sourced, the Company may not be able to continue operations.

(b) Force majeure

The Company, now or in the future, may be adversely affected by risks outside the control of the Company including epidemics and pandemics (such as the novel coronavirus), labour unrest, machinery or equipment breakdown or damage, transportation disruptions, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes or quarantine restrictions. In particular, the current coronavirus pandemic had restricted world travel and public gatherings (including attendance on retail outlets) which will impact the Company's operations, including in relation to sales and product distribution.

(c) Technology risk

The Dermaportation (**DP**) and Enhanced Transdermal Polymer (**ETP**) delivery platforms, Redit Magnetic Misting and Lubricen Knee Hydration patch are early-stage technologies that require significant further development to evaluate, optimise and validate the delivery systems for future transdermal product development. In vitro skin diffusion results from third party studies and evaluations have shown preliminary evidence of in vitro transdermal delivery however there is no guarantee that other factors did not contribute to those results. The Company has engaged third party consultants and initiated various study and evaluation programs to identify and optimise the key technology, equipment and skin modelling with the aim of improving the reliability and repeatability of DP and ETP enhanced drug diffusion, but there can be no certainty that this aim can be achieved. The Company can give no guarantees that either the DP or ETP technology, Redit Magnetic Misting and Lubricen Knee Hydration patch will successfully achieve in vivo proof-of-concept nor any commercial outcomes.

(d) Development and regulatory risk

The drug delivery market has a lower risk profile than new drug development. However, international regulatory authorities are requiring more extensive clinical trials to show evidence of safety and efficacy for new transdermal products, and further changes to regulatory requirements for drug/device combinations may increase the development costs and time to market. Subject to the successful achievement of in vivo proof-of-concept (which cannot be guaranteed), the Company plans to leverage the Group's platform delivery technologies to develop effective transdermal solutions for existing approved drugs to reduce development costs and timelines but there is no guarantee that regulatory authorities will provide marketing approval of any future transdermal pipeline products that incorporate the Group's technology. The Company operates in a highly regulated environment and its ability to operate freely may be restricted by regulatory requirements or the actions of regulatory authorities.

(e) Intellectual property risk

The Company has filed (either in its own name or in the name of its wholly-owned subsidiary, International Scientific Pty Ltd) several patent applications that, if granted, will provide patent protection over the

magnetic delivery method and apparatus of both its DP and ETP technologies for 20 years from the patent filing date. However, there is no guarantee that the Group patent applications will not infringe competitor patents or that the Group patent applications will be granted by authorities in key jurisdictions, given that patents on similar subject matter have been granted. Prior to the grant of the patent applications, the Company intends to request the inventors (and any potential inventors) of the relevant technology (to the extent they have not already done so) to assign ownership of the technology to the Group. The Company anticipates that the inventors (and any potential inventors) will sign the required documents. This will mitigate the risk of any challenge to the ownership of a patent by an inventor after the patents are granted. If the assignment documentation is not signed by the inventors (or any potential inventors) prior to the grant of the patents to the Company or the Group, there is a risk that the patents could be revoked if subsequently challenged by the inventors.

(f) Competitive risk and market acceptance

Multiple early-stage and mature competitors exist in the transdermal drug delivery, beauty and beauty technology markets including those who have more advanced passive and active transdermal technologies and products marketed or in development such as iontophoresis, microneedles, radio-frequency and heat-assisted technologies. Competition by superior transdermal or alternative drug delivery technologies and/or products may negatively affect the potential of the Group's technologies and/or future products.

The success of the Group's DP and ETP delivery platforms will depend on the competitiveness and acceptance of such technology by the market, as well as the Company's ability to improve the drug delivery profile or cost of proposed transdermal products to meet the evolving needs of customers on a timely basis. The global marketplace for most products is constantly changing due to new technologies, new products, changes in preferences, changes in regulations and other factors influencing market acceptance or market rejection. This market volatility and risk exists despite the best endeavours of market research, promotion and sales and licensing campaigns.

(g) Commercialisation risk

The Company seeks to commercialise its technology and/or potential pipeline products through both out-licensing to pharmaceutical and cosmetic partners and undertaking its own product development. The Company is collaborating with several potential pharmaceutical and drug delivery partners to evaluate the technology for future development and licensing deals but there is no guarantee that any licensing agreement will be executed nor that the Company will achieve future licensing fees or royalty income. A successful proof-of-concept program must be achieved for the DP and ETP drug technology platforms to achieve commercialisation, and this cannot be guaranteed.

In undertaking the development of its own products utilising the Company's technologies, there can be no guarantee that the resulting

products will be commercialised or will perform satisfactorily to their intended application.

(h) Market risk

The Company operates in the transdermal drug delivery and beauty markets which include multiple market segments for potential pharmaceutical and cosmetic patch applications. The Company is seeking to further diversify its business risk by acquiring or in-licensing new technologies or products. There can be no assurance that the Company will secure such new business opportunities or that the new opportunities will provide additional value to the Company.

The Company may also be adversely affected by the general market sentiment towards the biotechnology sector.

(i) Biological risk

The Company applies its technologies to areas and applications that generally involve biological systems. There can be no guarantees that the delivery of certain agents by the Company's technologies will elicit a desirable, beneficial or commercially exploitable change in the target biological systems in vivo. Furthermore, there can be no guarantee that adverse biological response will not emerge, potentially or entirely negating any benefit of the applied technologies.

(j) Clinical risk

The Company applies its technologies to areas and applications that generally require the achievement of specific clinical outcomes. There can be no guarantees that the delivery of the certain agents by the Company's technologies will elicit a desirable, beneficial or commercially exploitable clinical outcome. Furthermore, there can be no guarantee that any clinical outcome will be accepted by the industry, regulators and partners.

(k) Manufacturing risk

The Company regularly applies its technologies to products and applications that require the technology to be manufactured to a standard and at a cost acceptable to the industry, regulators and partners. There can be no guarantees that suitable manufacturers, manufacturing processes, techniques and materials can be found to a standard, a cost or quality acceptable to the industry, market or partners.

(l) Climate change

There are a number of climate-related factors that may affect the Company's business or its assets. For instance:

- (i) climate change or prolonged periods of adverse weather and climatic conditions (including rising sea levels, floods, hail, drought, water, scarcity, temperature extremes, frosts, earthquakes and pestilences) may have an adverse effect on

the Company's ability to access and utilise its operations and/or on the Company's ability to transport or sell its products; and

- (ii) changes in policy, technological innovation and consumer or investor preferences could adversely impact the Company's business strategy or the value of its assets (including its tenements), or may result in less favourable pricing for products, particularly in the event of a transition (which may occur in unpredictable ways) to a lower-carbon economy.

(m) Dilution risk

Upon implementation of the Offers and the Placement, assuming all Offers are accepted, and no Existing Options are exercised, the number of Options issued by the Company will increase from 200,953,947 Existing Options to 299,314,038 Options. This means that if the Options are exercised, each Share will represent a significantly lower proportion of the ownership of the Company.

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

The last effective trading price of Shares on ASX prior to the prospectus being lodged of \$0.016 (1.6 cents) is not a reliable indicator as to the potential trading price of Shares or the New Options after implementation of the Offers.

(n) Regulatory

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

(o) Competition risk

The industry in which the Company will be involved is subject to domestic and global competition.

Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

(p) Insurance risks

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover.

The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. Insurance against all

risks associated with the business's operations is not always available and where available the costs can be prohibitive.

(q) 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 its key personnel.

There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

3.2 General Risks

(a) Litigation

The Company may be subject to litigation and other claims with its suppliers. Such claims are usually dealt with and resolved in the normal course, but should any claims not be resolved any dispute or litigation in relation to this or any other matter in which the Company may in the future become involved could result in significant disruption, potential liability and additional expenditure.

140,000 convertible notes issued on 4 June 2009 were not converted by the due date being 4 June 2012. The terms of the agreement have not since that date been extended. Correspondingly, the principal amount outstanding including any interest outstanding has been classified as current. The Company was served with a writ over these convertible notes, as announced to the market and the Company has retained legal representation for the active defence of the matter. There has been no activity on this matter for some years.

(b) Securities investments

Applicants should be aware that there are risks associated with any securities investment. The prices at which the Company's New Options and Shares trade may be above or below the Loyalty Offer price and may fluctuate in response to a number of factors. Further, the stock market is prone to price and volume fluctuations. There can be no guarantee that trading prices will be sustained. These factors may materially affect the market price of the New Options and Shares, regardless of Company's operational performance.

(c) Share market conditions

The market price of the New Options and Shares may fall as well as rise and may be influenced by the varied and unpredictable movements in the equity markets. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(d) Economic risk

Changes in the general economic climate in which Company operates may adversely affect the financial performance of Company. Factors that may contribute to that general economic climate include the extent to which renewable energy becomes increasingly popular and/or viable, the level of direct and indirect competition against the Company, industrial disruption in Australia, the rate of growth of Australia's gross domestic product, interest rates and the rate of inflation.

(e) Policies and legislation

Any material adverse changes in government policies or legislation of Australia or any other country that the Company has economic interests may affect the viability and profitability of the Company.

(f) Taxation

There may be tax implications arising from applications for New Options, the receipt of dividends (both franked and unfranked) (if any) from the Company, the participation in any on-market Share buy-back and on the disposal of New Options.

(g) Global credit and investment markets

Global credit, commodity and investment markets volatility may impact the price at which the New Options and Shares trade regardless of operating performance, and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

(h) Counterparty risk

There is a risk that contracts and other arrangements within which the Company is party to and obtains a benefit from, will not be performed by the relevant counterparties if those counterparties become insolvent or are otherwise unable to perform their obligations.

(i) Investment speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company.

The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Options offered under this Prospectus.

Therefore, the Shares to be issued upon the exercise of New Options 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. Also, the New Options to be issued pursuant to this Prospectus carry no guarantee with respect to the market value of those New Options. Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for New Options pursuant to this Prospectus.

4. RIGHTS ATTACHING TO SHARES

4.1 General rights

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

4.2 Rights attaching to Shares

The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights and liabilities attaching to the Shares. Full details of the rights and liabilities attaching to the Shares are contained in the Constitution of the Company and in certain circumstances, are regulated by the Corporations Act, the Listing Rules and the common law. The Constitution is available for inspection free of charge at the Company's registered office.

(a) Voting rights

Subject to the Constitution and any rights or restrictions at the time being attached to a class of shares, at a general meeting of the Company every Shareholder present in person, or by proxy, attorney or representative has one vote on a show of hands, and upon a poll, one vote for each Share held by the Shareholder and for each partly paid share held, a fraction of one vote equal to the proportion which the amount paid up bears to the amounts paid or payable on that share. In the case of an equality of votes, the chairperson does not have a casting vote.

(b) Dividends

Subject to the Corporations Act and the Listing Rules, the Directors may determine that a dividend (whether interim, final or otherwise) is payable and fix the amount, method and time for payment of the dividend.

(c) Winding up

If the Company is wound up whether voluntarily or otherwise, the liquidator may, with the sanction of a special resolution (being a resolution passed by not less than 75% of the votes validly cast at a general meeting), divide amongst the Shareholders in specie or kind, the whole or any part of the assets of the Company and may for that purpose, set such value as the liquidator considers fair upon any property to be so divided and may determine how the division is to be carried out as between the Shareholders or different classes of shareholders of the Company.

(d) Transfer of Shares

Generally, Shares are freely transferable, subject to satisfying the requirements of the Listing Rules, the ASX Settlement Operating Rules, the ASX Clear Operating Rules and the Corporations Act. The Directors may decline to register any transfer of Shares but only where permitted to do so by the Corporations Act, the Listing Rules, the ASX Settlement Operating Rules, the ASX Clear Operating Rules or under the Constitution.

(e) Calls on Shares

Subject to the Corporations Act, the Constitution and the terms of issue in respect of a Share, the Company may, at any time, make calls on the Shareholders of a Share for all, or any part of, the amount unpaid on the Share. If a Shareholder of the Company fails to pay a call or instalment of a call, the Company may, subject to the Corporations Act and the Listing Rules, commence legal action for all, or part of the amount due, enforce a lien on the Share in respect of which the call was made or forfeit the Share in respect of which the call was made.

(f) Further increases in capital

Subject to the Corporations Act, the Listing Rules, the Constitution and any rights attached to a class of Shares, the Company (under the control of the Directors) may allot and issue Shares and grant options over Shares, on any terms, at any time and for any consideration, as the Directors resolve.

(g) Variation of rights attaching to Shares

Subject to the Corporations Act, the Listing Rules, the Constitution and the terms of issue of Shares in a particular class, the Company may vary or cancel rights attached to Shares in that class by either special resolution passed at a general meeting of the holders of the Shares in that class, or with the written consent of the holders of at least 75% of the votes in that class.

(h) General meetings

Each Shareholder will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Constitution, the Corporations Act and the ASX Listing Rules.

(i) Alteration of Constitution

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least 75% of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

4.3 Rights attaching to New Options

A New Option entitles the holder to subscribe for a Share the Company on the terms and conditions set out below.

(a) Entitlement

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

(b) Expiry Date

Each New Option will expire at 5.00pm (Perth time) on the date that is 2 years from the date the Option is issued (**Expiry Date**).

(c) Exercise Price

Each New Option will have an exercise price of \$0.033 (**Exercise Price**).

(d) Vesting, exercise period and lapsing

Subject to paragraph (i), New Options may be exercised at any time after the date of issue and prior to the Expiry Date. After this time, any unexercised New Options will automatically lapse.

(e) Exercise Notice and payment

New Options may be exercised by notice in writing to the Company (**Exercise Notice**) together with payment to the Company of the Exercise Price for each New Option being exercised. Any Exercise Notice for 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. Cheques paid in connection with the exercise of New Options must be in Australian currency, made payable to the Company and crossed "Not Negotiable".

(f) Timing of issue of Shares on exercise

Within 15 days that are not a Saturday, Sunday or public holiday and on which banks are open for business generally in Perth, Western Australia (**Business Days**) after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act (**Corporations Act**), or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer

for sale of the Shares does not require disclosure to investors;
and

- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the New Options.

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

- (g) Shares issued on exercise

Shares issued on exercise of New Options will rank equally in all respects with then existing fully paid ordinary shares in the Company.

- (h) 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 four business days after the issue is announced. This is intended to give the holders of New Options the opportunity to exercise their New Options prior to the announced record date for determining entitlements to participate in any such issue.

- (i) 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 holder would have received if the 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.

- (j) Adjustment for rights issue

If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment to the Exercise Price.

(k) Adjustments for reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the holders may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

(l) Quotation of New Options

The Company will apply for quotation of the New Options to ASX Limited. In the event that quotation of the New Options cannot be obtained, the New Options will remain unlisted.

(m) Transferability

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

4.4 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.

5. ADDITIONAL INFORMATION

5.1 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 Shares the subject of the New Options 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 Options on the Company and the rights attaching to the New Options. 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 Loyalty Offer:
- (i) the annual financial report of the Company for the financial year ended 30 June 2020 being the most recent annual financial report of the Company lodged with the ASIC before the issue of this Prospectus; and
 - (ii) 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 3 October 2022:

Description of announcement	Date
TBB Update	23 December 2022
Letter to Shareholders, GM NOM & Proxy Form	22 December 2022
Notification regarding unquoted securities - WFL	22 December 2022
Becoming a Substantial Holder - PP	13 December 2022
Change of Director's Interest Notice - PP	9 December 2022
Notification regarding unquoted securities - WFL	9 December 2022
Application for quotation of securities - WFL	9 December 2022
Update - Proposed issue of securities - WFL	9 December 2022
Reinstatement to Quotation	6 December 2022
WFL Completes MOU for Merger with The Brandbase	6 December 2022
Response to ASX Price and Volume Query	6 December 2022
Suspension from Quotation	30 November 2022
Ceasing to be a substantial holder	30 November 2022
Trading Halt	29 November 2022
Pause in Trading	29 November 2022
Results of Annual General Meeting	25 November 2022
Reinstatement to Quotation	18 November 2022
Board Update - Appointment of Andy Wortlock as NE	18 November 2022

Director	
Initial Director's Interest Notice	18 November 2022
Wellfully Securities Update	17 November 2022
Extension of Voluntary Suspension	17 November 2022
Request for Suspension	15 November 2022
Suspension from Official Quotation	15 November 2022
Section 708A(5) Notice	8 November 2022
Application for quotation of securities - WFL	8 November 2022
Application for quotation of securities - WFL	8 November 2022
Application for quotation of securities - WFL	8 November 2022
Proposed issue of securities - WFL	4 November 2022
Proposed issue of securities - WFL	4 November 2022
Final Share Placement and Share Issues	4 November 2022
Quarterly Activities and Cashflow Report	1 November 2022
Letter to Shareholders, 2022 AGM NOM & Proxy Form	21 October 2022
Section 708A(5) Notice	21 October 2022
Application for quotation of securities - WFL	21 October 2022
Application for quotation of securities - WFL	18 October 2022
Chairman and CEO - Remuneration Update	12 October 2022
Proposed issue of securities - WFL	10 October 2022
Chairman/CEO - Remuneration and Shareholding Clarification	10 October 2022
Proposed issue of securities - WFL	10 October 2022
Proposed issue of securities - WFL	10 October 2022
Proposed issue of securities - WFL	10 October 2022
Placement and Debt Restructure	10 October 2022
Trading Halt	6 October 2022
Investor Webinar Presentation	5 October 2022
Investor Webinar Invitation	3 October 2022
ISO Certification	3 October 2022
Corporate Governance Statement including	3 October 2022

5.2 Lead Manager Agreement

In accordance with the Lead Manager Agreement, the Lead Manager has agreed to act as lead manager and broker for the purposes of the Placement.

Under the Lead Manager Agreement, the Lead Manager has agreed to, inter alia, assist on a best endeavours basis to facilitate the Placement.

In consideration for the provision of the services, the Company must pay Lead Manager the following fees:

- (a) 2% plus GST on all funds raised under the Placement;
- (b) 4% plus GST on all funds raised under the Placement, noting that any funds received in the placement introduced by the company, eg. Directors allocations, are exempt from this fee;
- (c) 15 million New Options at \$0.0001 per option (or to its nominee); and
- (d) a corporate advisory fee of \$5,000 plus GST per month for 12 months.

The Lead Manager Agreement contains other terms and conditions considered standard for an agreement of its nature.

The Lead Manager is not a related party of the Company.

5.3 Interests of Directors

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

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

except as disclosed in this Prospectus and as follows.

5.4 Director holdings

The Directors and their related entities have the following interests in Shares

as at the date of this Prospectus:

Director	Shares held
Mr Paul Peros, Executive Chairman ¹	21,709,070
Mr Jeffrey Edwards, Managing Director ²	2,413,706
Mr Steven Schapera, Non-Executive Director ³	4,359,504
Mr Andrew Wortlock, Non-Executive Director ⁴	1,800,000

Notes:

1. Mr Paul Peros also indirectly holds or controls 1,500,000 listed Existing Options (WFLO), 1,200,000 unlisted Existing Options, 5,000,000 Class A Performance Rights, 5,000,000 Class B Performance Rights and 5,000,000 Class C Performance Rights.
2. These Shares are held by Jeffrey Edwards jointly with his wife Beverly Edwards and via JEB Holdings Pty Ltd. In addition, Mr Jeffrey Edwards also has indirect interest in 1,347,701 listed Existing Options (WFLO).
3. These Shares are held indirectly by The Brand Laboratories FZ LLC and Defaf Alamri.
4. Mr Andrew Wortlock also holds an indirect interest in an additional 194,019 Shares.

5.5 Remuneration of Directors

The Directors have received the following remuneration in respect of the financial years ended 30 June 2021 and 30 June 2022.

Director	Remuneration (\$) for financial year ended 30 June 2021	Remuneration (\$) for financial year ended 30 June 2022
Mr Paul Peros, Executive Chairman	903,461	577,676
Mr Jeffrey Edwards, Managing Director	235,050	209,000
Mr Steven Schapera, Non-Executive Director	178,650	177,441
Mr Andrew Wortlock, Non-Executive Director ¹	Nil	Nil

Notes:

1. Mr Andrew Wortlock was appointed as a Director on 18 November 2022.

5.6 Interests of promoters, experts and advisers

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 the Prospectus (or entity in which they are a partner or director) holds, has, or has 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 Offers; or

(c) the Offers,

and no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be paid 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 Offers, except as disclosed in this Prospectus and as follows:

- (d) CPS Capital Group Pty Ltd has acted as Lead Manager to the Placement. In respect of this work, the Company will pay CPS Capital Group Pty Ltd approximately \$156,018 (in addition to the New Options issued under the Broker Offer in exchange for the issue price of \$0.0001 per New Option);
- (e) Automic Registry Services conducts the Company's share registry functions and will provide administrative services in respect to the proposed Applications pursuant to this Prospectus. Automic Registry Services will be paid for these services on standard industry terms and conditions.

The amounts disclosed above are exclusive of GST (if any) payable by the Company in respect of those amounts.

5.7 Related party transactions

On or about 18 December 2022, the Directors have each provided loans to the Company on arm's length terms, in aggregate amounting to approximately \$220,000 for use as working capital.

As 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 the Prospectus.

5.8 Expenses of Offers

The total expenses of the Offers payable by the Company are:

Expense	Amount (\$)
Lead Manager fee	156,018
ASIC lodgement fee	3,206
ASX quotation fee	5,776
Legal and other expenses	10,000
Total	175,000

5.9 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:

- (a) Highest: \$0.031 (3.1 cents) on 23 September 2022; and
- (b) Lowest: \$0.014 (1.4 cents) on 29 November 2022.

The latest available market sale price of the Shares on ASX prior to the date of lodgement of this Prospectus with ASIC was \$0.016 (1.6 cents) per Share on 22 December 2022.

5.10 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offers, by consulting their own professional tax advisers. Neither the Company nor any of its Directors or officers accepts any liability or responsibility in respect of the taxation consequences of the matters referred to above.

5.11 Litigation and claims

So far as the Directors are aware, 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 (or any other member of the Group) is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company or the Group, other than as disclosed in this Prospectus.

5.12 Consents

Each of the parties referred to in this Section 5.12:

- (a) has given the following consents in accordance with the Corporations Act which have not been withdrawn as at the date of lodgement of this Prospectus with ASIC; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes 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 5.12.

None of the parties referred to in this Section 5.12 authorised or caused the issue of this Prospectus or the making of the Offers.

CPS Capital Group Pty Ltd has given its written consent to being named as the Lead Manager in respect of the Placement, the Placement Offer and the Loyalty Offer. CPS Capital Group Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

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.

5.13 Electronic Prospectus

Pursuant to Regulatory Guide 107 ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an Electronic Prospectus on the basis of a paper Prospectus lodged with ASIC and the issue

of New Options in response to an electronic Application Form, subject to compliance with certain provisions. 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 email the Company and the Company will send to you, for free, 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 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. In such a case, the Application moneys received will be dealt with in accordance with section 722 of the Corporations Act.

5.14 Documents Available for Inspection

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company at Level 1, 284 Oxford Street, Leederville, Western Australia:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 5.12.

5.15 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.

5.16 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 Options.

6. 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:

Paul Peros

Mr Paul Peros

Chairman

Dated 23 December 2022

7. GLOSSARY OF TERMS

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

\$ means Australian dollars.

Applicant means a person who submits an Application Form.

Application means a valid application for New Options under:

- (a) the Placement Offer made pursuant to a Placement Offer Application Form; and
- (b) the Broker Offer made pursuant to a Broker Offer Application Form.

Application Forms means the Placement Offer Application Form and the Broker Offer Application Form.

Application Monies means Application monies for New Options under the Broker Offer, received and banked by the Company.

ASIC means the Australian Securities and Investments Commission.

ASX means Australian Securities Exchange Limited (ACN 008 624 691) or, where the context requires, the financial market operated by it.

Board means the board of Directors as at the date of this Prospectus.

Broker Offer means offer to the Lead Manager of 15,000,000 New Options, at an issue price of \$0.0001 (0.01 cents) per New Option.

Broker Offer Application Form means the Broker Offer Application Form attached to this Prospectus.

CHES means Clearing House Electronic Subregister System.

Closing Date means the closing date of the Loyalty Offer detailed in the Indicative Timetable.

Company means Wellfully Limited (ACN 056 482 636).

Constitution means the constitution of the Company.

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

Directors means the directors of the Company.

DP has the same meaning given to that term in Section 3.1(c).

EFT means electronic funds transfer.

Electronic Prospectus means the electronic copy of this Prospectus located at the Company's website <https://wellfully.net/>.

ETP has the same meaning given to that term in Section 3.1(c).

Existing Option means:

- (a) an unlisted option which entitles the holder to subscribe for 1 Share, exercisable at \$0.10 on or before 19 August 2023;
- (b) a listed option which entitles the holder to subscribe for 1 Share, exercisable at \$0.15 on or before 31 March 2023;
- (c) a listed option which entitles the holder to subscribe for 1 Share, exercisable at \$0.20 on or before 23 February 2023; and
- (d) an unlisted option which entitles the holder to subscribe for 1 Share, exercisable at \$0.15 (subject to adjustment in accordance with the terms of these options) on or before 30 April 2027.

Group means:

- (a) the Company;
- (b) Bodyguard Lifesciences Pty Ltd;
- (c) International Scientific Pty Ltd;
- (d) Wellfully SA;
- (e) Wellfully Limited;
- (f) Wellfully Ltd;
- (g) Peros Dongguan Technology and Trading Co. Ltd.; and
- (h) Wellfully d.o.o..

GST means Goods and Services Tax.

Indicative Timetable means the indicative timetable for the Loyalty Offer in Section 1.5.

Lead Manager means CPS Capital Group Pty Ltd (ACN 088 055 636).

Lead Manager Agreement means the agreement between the Company and Lead Manager dated on or about 26 September 2022.

Listing Rules means the listing rules of the ASX.

New Option means an option which entitles the holder to subscribe for 1 Share, on the terms set out at Section 4.3.

Official Quotation or **Quotation** means official quotation by ASX in accordance with the Listing Rules.

Opening Date means the date specified as the opening date in the Indicative Timetable.

Options means the Existing Options and the New Options.

Placee means an offeree under the Placement.

Placement means the placement to Sophisticated Investors conducted by the Company to raise approximately \$2,363,922 at a price per Share of \$0.022 (including the issue of 772,724 shares at \$0.022 per share as announced on the ASX on 8 November 2022).

Placement Offer means the offer of 1 (one) free-attaching New Option for every 1 (one) Placement Share subscribed for under the Placement.

Placement Offer Application Form means the Placement Offer Application Form attached to this Prospectus.

Placement Shares means the Shares to be issued pursuant to the Placement.

Prospectus means this prospectus dated 16 December 2022.

Related Bodies Corporate means a body corporate that is deemed by the Corporations Act to be related to the principal entity.

Relevant Interest has the meaning given to that term in the Corporations Act.

Section means a section of this Prospectus.

Share Registry means Automic Pty Ltd (ACN 152 260 814).

Shareholder means any person holding Shares.

Shares means ordinary fully paid shares in the capital of the Company.

Sophisticated Investors means:

- (a) sophisticated investors as defined in section 708(8); and
 - (b) professional investors as defined in section 708(11),
- of the Corporations Act, being clients of the Lead Manager.