

# VONEX LTD PROSPECTUS

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### Proposed ASX Code: VN8

This Prospectus is for the following purposes:

- For an offer for the issue of up to 35,000,000 New Shares at an issue price of \$0.20 each to raise \$7 million, with a Minimum Subscription of 30,000,000 Shares to raise \$6 million (“**Public Offer**”) including a priority offer of up to 5,000,000 Shares to Existing Vonex Shareholders (“**Priority Offer**”) (the “**Offers**”), together with one (1) free attaching option (exercisable at \$0.20 on or before 2 years from date of issue) for every four Shares subscribed for and issued under the Offers; and
- To satisfy the admission requirements of ASX.

This is an important document that should be read in its entirety. If you do not understand it, you should consult your professional advisers without delay. The Securities offered by this Prospectus are subject to certain risks as set out in Section 3.

Underwriter to the Offer:



Compliance Manager to the Offer:



### IMPORTANT NOTICE

This Prospectus is dated 13 March 2018 and was lodged with ASIC on that date. No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Application was made for listing of the Company’s securities offered by the Prospectus to the ASX on 13 March 2018. The fact that the ASX may list the securities of the Company is not to be taken in any way as an indication of the merits of the Company or the listed securities. The ASX takes no responsibility for the contents of this Prospectus, makes no representations as to its accuracy or completeness and expressly disclaims any liabilities whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Prospectus. ASIC takes no responsibility for the contents of this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No person is authorised to provide any information or make any representation in connection with the Offer which is not contained in this Prospectus.

### Website – Electronic Prospectus

A copy of this Prospectus is available and can be downloaded from the website of the Company at <https://investors.vonex.com.au/offer/>. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company prior to the Closing Date. If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both.

### Suitability of Investment & Risks

Before deciding to invest in the Company, prospective investors should read this Prospectus in its entirety and, in particular, the summary of the Company’s products and services in section 2 and the risk factors in section 3. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding to invest. Any investment in the Shares of the Company should be regarded as speculative.

### Definitions and Currency

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary. References to currency are to Australian dollars unless otherwise stated.

### Time

All references in this Prospectus are references to Australian Western Standard Time unless otherwise stated.

### Exposure Period

The Corporations Act prohibits the Company from processing Applications under the Offer in the seven-day period after the lodgement of the Prospectus with ASIC.

The Exposure Period may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. This Prospectus will be made generally available without the Application Form during the Exposure Period by being posted on the Company’s website at <https://investors.vonex.com.au/offer/>.

Applications received during the Exposure Period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the Exposure Period.



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# CORPORATE DIRECTORY

## Directors

Chen Chik (Nicholas) Ong (Non-Exec. Chairman)  
Matthew Fahey (Executive Director)  
David Vilensky (Non-Exec. Director)  
Winnie Lai Hadad (Non-Exec. Director)

## Registered and Business Office

Suite 5, 1 Centro Avenue  
Subiaco WA 6008  
Tel: +61 8 6388 8888  
Fax: +61 8 6388 8898

## Compliance Manager

Minerva Corporate Pty Ltd  
Suite 5, 1 Centro Avenue  
Subiaco WA 6008

## Solicitors to the Offer

Bowen Buchbinder Vilensky  
Level 14, 251 Adelaide Terrace  
Perth WA 6000

## Patent Attorney

Fisher Adams Kelly Callinans  
Level 6, 175 Eagle Street  
Brisbane QLD 4000

## Website

www.vonex.com.au

## Company Secretaries

Matthew Foy  
Daniel Smith

## Investigating Accountant

RSM Corporate Australia Pty Ltd  
Level 32, Exchange Tower  
2 The Esplanade  
Perth WA 6000

## Share Registry\*

Computershare Investor Services Pty Limited  
Level 11, 172 St Georges Terrace  
Perth WA 6000  
Tel: +61 8 9323 2000  
Fax: +61 8 9323 2033

## Auditor\*

RSM Australia Partners  
Level 32, Exchange Tower  
2 The Esplanade  
Perth WA 6000

## Lead Manager & Underwriter

State One Equities Pty Ltd  
Level 14, 172 St Georges Tce  
Perth WA 6000  
AFSL 233 129

## Indicative Timetable

|   |               |
|---|---------------|
| Lodge Prospectus with ASIC              | 13 March 2018 |
| Priority Offer Record Date              | 9 March 2018  |
| Opening Date of the Offers              | 20 March 2018 |
| Closing Date of the Priority Offer      | 30 March 2018 |
| Closing Date of the Public Offer        | 13 April 2018 |
| Issue of Shares under the Prospectus    | 20 April 2018 |
| Expected Quotation of Shares on the ASX | 26 April 2018 |

This timetable is indicative only, and may change. The Company reserves the right to extend the Closing Date or close the Offer early without notice, in its absolute discretion. Quotation of shares on ASX is at the discretion of ASX and is subject to the Company satisfying the listing requirements of ASX.

## Key Offer Statistics

|   |                   |
|---|-------------------|
| Proposed ASX code   | VN8               |
| Offer Price per New Share   | \$0.20            |
| Shares on issue at date of Prospectus   | 65,964,949        |
| New Shares offered under this Prospectus to raise up to \$7,000,000 at an issue price of \$0.20 per Share   | 35,000,000        |
| New free attaching Options (exercisable at \$0.20 on or before 2 years from date of issue) offered under this Prospectus  | 8,750,000         |
| Number of Shares to be issued upon conversion of the Convertible Notes <sup>1</sup>   | 17,526,989        |
| Conversion of Performance Rights <sup>2</sup>   | 7,438,000         |
| Conversion of Class B and Class C Performance Shares <sup>3</sup>   | 26,666,622        |
| Number of Broker Options (exercisable at \$0.30 on or before 5 years from the date of issued) to be issued under the Prospectus (assuming Maximum Subscriptions) <sup>4</sup> | 17,000,000        |
| Total Shares on issue following Offer   | Up to 152,596,560 |
| Gross proceeds from the Offer   | Up to \$7,000,000 |
| Indicative market capitalisation at the Offer Price   | \$30.51 million   |

1. Refer to section 9.5 for details on the Convertible Notes on issue
2. Refer to sections 10.8 and 10.9 for information relating to the conversion of Performance Rights
3. Refer to section 10.10 for information relating to the Performance Shares
4. Refer to section 10.7 for information relating to the Broker Options

\*This party is named for information purposes only and was not involved in the preparation of this Prospectus



# CHAIRMAN'S LETTER

Dear Fellow Investor,

On behalf of the directors of Vonex Limited ("Vonex" or the "Company"), I am pleased to present you with this opportunity to become a shareholder in the Company.

Vonex is a full service and award-winning telecommunications service provider selling mobile, internet, traditional fixed lines, hosted PBX and VoIP services predominately to the small to medium enterprise ("SME") customer under the Vonex brand. The Company also provides wholesale customers, such as internet service providers, access to the core Vonex PBX and call termination services at wholesale rates via a white label model.

Vonex also develops new technologies in the telecommunications industry including a feature rich cloud hosted PBX system and is also developing the Oper8tor App, a multi-platform real-time voice, messaging and social media app that allows users to connect with all social media friends, followers and contacts across different social medias, all consolidated into one app.

The Company is targeting an initial launch of Oper8tor during the second half of calendar year 2018 and aims to achieve an initial milestone of 10 million active users by the end of 1st quarter in calendar year 2019.

Meanwhile, the Australian telecommunications industry is going through significant change with the rollout of the National Broadband Network ("NBN") in Australia well under way. The NBN, as a direct replacement for the primary and only national fixed line voice network in Australia, is forcing an entire population to change from the old network to the new, triggering mass customer movement not traditionally seen and creating a potential land grab opportunity for companies well positioned like Vonex.

Customers are required to arrange to connect via a retailer to the NBN network which as a primarily fibre network is providing end users with the option to use Voice over the Internet ("VoIP") technologies benefitting from faster connection speeds.

Since Vonex is an NBN retailer specialising in VoIP, the Company is in a strong strategic position to capitalise on servicing these SME customers as a primary target market.

The Company is seeking to raise up to \$7 million through the issue of up to 35,000,000 New Shares. If you are an Existing Vonex Shareholder as at the Priority Offer Record Date, you are entitled to participate in the Priority Offer and should apply for New Shares through the online application process located at <https://investors.vonex.com.au/offer/>. You may apply for as many New Shares as you wish, subject to availability and Board allocation. If you are not an Existing Vonex Shareholder you may apply for the New Shares using the white public application form attached to this Prospectus.

The funds raised from the Public Offer will be used primarily to aggressively market the existing suite of Vonex branded and white label products via its 400+ strong Channel Partners network, as well as the development of the Oper8tor App, as set out in this Prospectus.

The Company believes that a listing on the ASX not only allows the Company to access Australian and global sophisticated capital markets but will also subject the Company to improved processes and a robust corporate governance environment.

This Prospectus contains detailed information about the Public Offer, the industry in which Vonex operates and its financial and operating performance. An investment in the Company is considered as speculative and subject to risks, including but not limited to technology risks, product price variation risks, and competition risks. These risks are fully detailed in Section 3.

I encourage you to read this Prospectus carefully and in its entirety or seek professional advice if required before making your investment decision. Vonex sincerely welcomes those investors who share our vision by becoming the first group of public shareholders of this promising Company. On behalf of the directors, I invite you to subscribe for Shares in the Company and I look forward to welcoming you as a shareholder of Vonex Limited.



Chen Chik (Nicholas) Ong  
Non-Executive Chairman

12 March 2018

# 1. INVESTMENT OVERVIEW

This information is a selective overview only and is not intended to provide full information for investors intending on applying for Shares offered under this Prospectus.

Prospective investors should read the Prospectus in full, including the experts' reports in this Prospectus before deciding to invest in Shares.

| Question                           | Response  | Section |
|------------------------------------|---|---------|
| <b>Introduction</b>                |   |         |
| Who is issuing this Prospectus?    | Vonex Limited (ACN 063 074 635), a company incorporated in Australia ("Company" or "Vonex").  | 2.1     |
| What is Vonex and what does it do? | See section 2 of this Prospectus under the heading Company and Business Overview for details of the origins and corporate history of Vonex and the activities of the Company. | 2.1     |

What is the Company's capital structure prior to and following the completion of the Offers?

| Shares  | Minimum Subscription |             | Minimum Subscription |             |
|---|----------------------|-------------|----------------------|-------------|
|   | Number               | %           | Number               | %           |
| Existing Shares on Issue  | 65,964,949           | 44.69%      | 65,964,949           | 43.23%      |
| Conversion of Director and management Performance Rights upon ASX Listing         | 7,260,000            | 4.92%       | 7,260,000            | 4.76%       |
| Conversion of Class B and Class C Performance Shares upon ASX Listing             | 26,666,622           | 18.07%      | 26,666,622           | 17.48%      |
| New Shares Issued following secured convertible note Conversion                   | 14,719,731           | 9.97%       | 14,719,731           | 9.65%       |
| New Shares Issued following Octavus convertible note conversion                   | 2,807,258            | 1.90%       | 2,807,258            | 1.84%       |
| Conversion of Vodia Performance Rights on ASX Listing                             | 178,000              | 0.12%       | 178,000              | 0.12%       |
| New Share issued under the Public Offer   | 30,000,000           | 20.32%      | 35,000,000           | 22.94%      |
| <b>Total Shares</b>   | <b>147,596,560</b>   | <b>100%</b> | <b>152,596,560</b>   | <b>100%</b> |
| <b>Performance rights</b>   |                      |             |                      |             |
| Director and management Performance Rights on Issue                               | 27,460,000           | 99.46%      | 27,460,000           | 99.46%      |
| Vodia Performance Rights  | 150,000              | 0.54%       | 150,000              | 0.54%       |
| <b>Total Performance Rights</b>   | <b>27,610,000</b>    | <b>100%</b> | <b>27,610,000</b>    | <b>100%</b> |
| <b>Options</b>  |                      |             |                      |             |
| Options exercisable at \$0.90 on or before 3 August 2010                          | 133,750              | 0.36%       | 133,750              | 0.33%       |
| Free attaching options exercisable at \$0.20, expiring 2 years from date of issue | 14,500,000           | 39.34%      | 17,000,000           | 41.87%      |
| Broker Options exercisable at \$0.30 expiring 5 years from issue                  | 7,500,000            | 20.35%      | 8,750,000            | 21.55%      |
| Convertible noteholder options exercisable \$0.20 ea. expiry 30/11/2022           | 14,719,731           | 39.94%      | 14,719,731           | 36.25%      |
| <b>Total</b>  | <b>36,853,481</b>    | <b>100%</b> | <b>40,603,481</b>    | <b>100%</b> |

2.12

| Question                            | Response  | Section |
|-------------------------------------|---|---------|
| What are the Offers?                | <p>The Offers comprise of:</p> <ul style="list-style-type: none"> <li>● <b>Priority Offer:</b> The Company is inviting Existing Vonex Shareholders (as at the Priority Offer Record Date) to subscribe for up to \$1,000,000 worth of New Shares available under the Public Offer, and as such will set aside 5,000,000 New Shares for existing Shareholders. If you are an Existing Vonex Shareholder as at the Priority Offer Record Date, please apply through the online application process located at <a href="https://investors.vonex.com.au/offer/">https://investors.vonex.com.au/offer/</a> utilising your Existing Vonex Shareholders' personalised details. Successful applicants will also be issued one (1) free attaching option for every four Shares subscribed for under the Priority Offer.</li> </ul> <p>Existing Vonex Shareholders who apply for Shares under the Priority Offer will be allocated Shares offered under the Public Offer in priority to other investors.</p> <ul style="list-style-type: none"> <li>● <b>Public Offer:</b> the offer for the issue of up to 35,000,000 New Shares to raise \$7 million at an Offer Price of \$0.20 per New Share with a minimum subscription of 30,000,000 to raise \$6 million. Successful applicants will also be issued one (1) free attaching option for every four Shares subscribed for under the Public Offer.</li> </ul>  | 8       |
| What is the Priority Offer?         | <p>The Company is inviting Existing Vonex Shareholders (as at the Priority Offer Record Date) to subscribe for up to \$1,000,000 worth of New Shares available under the Public Offer, and as such will set aside 5,000,000 New Shares for Existing Vonex Shareholders. If you are an Existing Vonex Shareholder as at the Priority Offer Record Date, please apply through the online application process located at <a href="https://investors.vonex.com.au/offer/">https://investors.vonex.com.au/offer/</a> utilising Existing Vonex Shareholders' personalised details. Existing Vonex Shareholders can apply for Shares through the Priority Offer. It is intended that as many Existing Vonex Shareholders as possible will receive at least the minimum allocation of Shares (being 10,000 shares or \$2,000) under the Priority Offer, however, there is no guarantee that all Existing Vonex Shareholders who subscribe for Shares through the Priority Offer will have their applications accepted in full. If the Priority Offer is fully subscribed, then the Company will prioritise existing shareholders when allocating shares under the Public Offer.</p> <p>Existing Vonex Shareholders who would like to subscribe for Shares are encouraged to apply through the online application process for Existing Vonex Shareholders located at <a href="https://investors.vonex.com.au/offer/">https://investors.vonex.com.au/offer/</a> as soon as possible.</p> <p>New Shares not subscribed for under the Priority Offer will be available for subscription under the Public Offer. The Priority Offer closes earlier than the Public Offer to facilitate this process.</p> | 8.3     |
| Why are the Offers being Conducted? | <p>This Prospectus is issued in conjunction with an application by the Company for the listing of its shares on ASX and to facilitate secondary trading of Shares issued by the Company on ASX.</p>   | 8       |

| Question  | Response  | Section      |
|---|---|--------------|
| Will the Company's Shares be quoted?                              | <p>Application was made for listing of the Company's securities offered by the Prospectus to the ASX on 13 March 2018.</p> <p>If the Shares are not admitted to the Official List before the expiry of 3 months after the date of the Prospectus, or such period as varied by 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.</p> | 8.10         |
| Will any Shares be subject to escrow?                             | <p>Certain existing Shares may be classified by ASX as restricted securities and may be escrowed for up to 24 months from the date of official quotation.</p> <p>During the period in which Shares are prohibited from being transferred, trading in Shares will be less liquid which may impact on the ability of a Shareholder to dispose of Shares in a timely manner.</p>   | 8.13         |
| What are the key dates of the Offers?                             | Refer to the Indicative Timetable on Page 5.  |              |
| What is the minimum investment under the Offers?                  | Applications under the Offers must be for a minimum of 10,000 Shares (being minimum application monies of \$2,000) and thereafter, in multiples of 1,000 Shares (\$200).  | 8.6          |
| Are there any brokerage, commission or stamp duty considerations? | <p>No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offers.</p> <p>See Section 9.1 for details of various fees payable by the Company to the Lead Manager.</p>  | 8.14 and 9.1 |
| What are the costs of the Offer and who is paying them?           | Assuming the Maximum Subscription under the Offers, the total cost of the Offers (including expert's fees, legal and accounting costs, ASIC and ASX fees) is estimated to be approximately \$708,600 and will be paid by the Company.   | 8.17         |
| Are the Offers underwritten?                                      | The Offers are to be partially underwritten by State One Equities Pty Ltd (AFSL 233129) to A\$5.5 million.  | 8.9          |
| What are the tax implications of investing in the Shares?         | The tax consequences of any investment in the Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.  | 10.3         |
| Will the Company pay dividends?                                   | After listing, the Company will continue to focus on the development of the Vonex business. This will likely require significant funding. Accordingly, the Company does not expect to declare any dividends during this period or in the short to medium term.  | 2.15         |
| How can I obtain further advice?                                  | <p>By speaking to your accountant, stockbroker or other professional adviser.</p> <p>If you require assistance or copies of the Prospectus, please contact the Company Secretary on +61 8 9486 4036.</p>  | 8.18         |

| Question   | Response   | Section                     |                             |                             |                        |          |           |                              |             |             |                           |           |           |                      |             |             |   |             |             |                                    |           |           |                 |             |             |              |                    |                    |     |
|--|--|-----------------------------|-----------------------------|-----------------------------|------------------------|----------|-----------|------------------------------|-------------|-------------|---------------------------|-----------|-----------|----------------------|-------------|-------------|---|-------------|-------------|------------------------------------|-----------|-----------|-----------------|-------------|-------------|--------------|--------------------|--------------------|-----|
| <b>Our Business Model</b>                                      |  |                             |                             |                             |                        |          |           |                              |             |             |                           |           |           |                      |             |             |   |             |             |                                    |           |           |                 |             |             |              |                    |                    |     |
| What are the Company's key products and services?              | <p>The Company's business model is made up of three core businesses as follows:</p> <p><b>(a) Vonex Wholesale</b> – the product is sold on a white label basis to clients who are typically ISP's, carriers, and larger telco's and cloud service providers. Vonex Wholesale supplies wholesale customers with PBX endpoints, voice minutes and advanced PBX features, which are on-sold under their own brand.</p> <p><b>(b) Vonex Telecom</b> – is the retail division of Vonex which is a full-service telecommunication service provider selling mobile, internet, business phone systems and hosted PBX to name a few. These services are sold direct through Vonex or via affiliates (Channel Partners).</p> <p><b>(c) Development and engineering department</b> – is the voice engineering department which maintains and develops products to keep Vonex ahead of the market. This is the engineering and creative hub of the organisation where the Company's intellectual property is developed and tested before patents are lodged and the product is commercialised.</p> | 2.3                         |                             |                             |                        |          |           |                              |             |             |                           |           |           |                      |             |             |   |             |             |                                    |           |           |                 |             |             |              |                    |                    |     |
| How does the Company generate revenue?                         | The Company generates revenue through the offering of its cloud based PBX platform and associated services.  | 2.3                         |                             |                             |                        |          |           |                              |             |             |                           |           |           |                      |             |             |   |             |             |                                    |           |           |                 |             |             |              |                    |                    |     |
| What are the key dependencies of the Company's business model? | <p>The key factors that the Company will depend on to meet its objectives are:</p> <ul style="list-style-type: none"> <li>the recruitment of the correct personnel and retention of existing personnel;</li> <li>continuing to service existing customers;</li> <li>gaining of new wholesale and retail customers;</li> <li>the continued marketing of the Company's existing products to existing and new customers; and</li> <li>the continual development and enhancement of products to meet the future industry demands.</li> </ul>   | 2.7                         |                             |                             |                        |          |           |                              |             |             |                           |           |           |                      |             |             |   |             |             |                                    |           |           |                 |             |             |              |                    |                    |     |
| How will the proceeds of the offer be used?                    | <p>The Company intends to use the funds raised under the Offer as follows:</p> <table border="1"> <thead> <tr> <th>Allocation of funds</th> <th>Minimum Subscription (\$6m)</th> <th>Maximum Subscription (\$7m)</th> </tr> </thead> <tbody> <tr> <td>Existing cash reserves</td> <td>\$747,00</td> <td>\$747,000</td> </tr> <tr> <td>Creditors and Debt Repayment</td> <td>\$1,195,000</td> <td>\$1,195,000</td> </tr> <tr> <td>IP and Patent Protections</td> <td>\$100,000</td> <td>\$100,000</td> </tr> <tr> <td>Oper8tor Development</td> <td>\$1,734,000</td> <td>\$1,734,000</td> </tr> <tr> <td>Retail &amp; Wholesale Business Development</td> <td>\$2,000,000</td> <td>\$2,000,000</td> </tr> <tr> <td>Expenses associated with the Offer</td> <td>\$630,900</td> <td>\$708,600</td> </tr> <tr> <td>Working capital</td> <td>\$1,087,100</td> <td>\$2,009,400</td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>\$6,747,000</b></td> <td><b>\$7,747,000</b></td> </tr> </tbody> </table>   | Allocation of funds         | Minimum Subscription (\$6m) | Maximum Subscription (\$7m) | Existing cash reserves | \$747,00 | \$747,000 | Creditors and Debt Repayment | \$1,195,000 | \$1,195,000 | IP and Patent Protections | \$100,000 | \$100,000 | Oper8tor Development | \$1,734,000 | \$1,734,000 | Retail & Wholesale Business Development | \$2,000,000 | \$2,000,000 | Expenses associated with the Offer | \$630,900 | \$708,600 | Working capital | \$1,087,100 | \$2,009,400 | <b>TOTAL</b> | <b>\$6,747,000</b> | <b>\$7,747,000</b> | 2.9 |
| Allocation of funds  | Minimum Subscription (\$6m)  | Maximum Subscription (\$7m) |                             |                             |                        |          |           |                              |             |             |                           |           |           |                      |             |             |   |             |             |                                    |           |           |                 |             |             |              |                    |                    |     |
| Existing cash reserves   | \$747,00   | \$747,000                   |                             |                             |                        |          |           |                              |             |             |                           |           |           |                      |             |             |   |             |             |                                    |           |           |                 |             |             |              |                    |                    |     |
| Creditors and Debt Repayment                                   | \$1,195,000  | \$1,195,000                 |                             |                             |                        |          |           |                              |             |             |                           |           |           |                      |             |             |   |             |             |                                    |           |           |                 |             |             |              |                    |                    |     |
| IP and Patent Protections                                      | \$100,000  | \$100,000                   |                             |                             |                        |          |           |                              |             |             |                           |           |           |                      |             |             |   |             |             |                                    |           |           |                 |             |             |              |                    |                    |     |
| Oper8tor Development   | \$1,734,000  | \$1,734,000                 |                             |                             |                        |          |           |                              |             |             |                           |           |           |                      |             |             |   |             |             |                                    |           |           |                 |             |             |              |                    |                    |     |
| Retail & Wholesale Business Development                        | \$2,000,000  | \$2,000,000                 |                             |                             |                        |          |           |                              |             |             |                           |           |           |                      |             |             |   |             |             |                                    |           |           |                 |             |             |              |                    |                    |     |
| Expenses associated with the Offer                             | \$630,900  | \$708,600                   |                             |                             |                        |          |           |                              |             |             |                           |           |           |                      |             |             |   |             |             |                                    |           |           |                 |             |             |              |                    |                    |     |
| Working capital  | \$1,087,100  | \$2,009,400                 |                             |                             |                        |          |           |                              |             |             |                           |           |           |                      |             |             |   |             |             |                                    |           |           |                 |             |             |              |                    |                    |     |
| <b>TOTAL</b>   | <b>\$6,747,000</b>   | <b>\$7,747,000</b>          |                             |                             |                        |          |           |                              |             |             |                           |           |           |                      |             |             |   |             |             |                                    |           |           |                 |             |             |              |                    |                    |     |
| What material contracts has Vonex entered into?                | <p>Vonex has entered the following material contracts:</p> <ul style="list-style-type: none"> <li>PBX Software Licence Agreement;</li> <li>Convertible Loan Agreements;</li> <li>The State One Underwriting Agreement; and</li> <li>Minerva Compliance Manager Agreement.</li> </ul> <p>In addition, the Company has entered into contracts with its Directors. See section 4.5 for more details.</p>  | 9 and 5.5(f)                |                             |                             |                        |          |           |                              |             |             |                           |           |           |                      |             |             |   |             |             |                                    |           |           |                 |             |             |              |                    |                    |     |

## Key Risks

There are a number of risks associated with investing in the share market generally and in the Company specifically. The following is a summary of the key risks that may affect the financial position of the Company, the value of an investment in the Company, as well as the Company's operations. Full details of these risks are set out in section 3 of this Prospectus.

Please consider the risks described below and the information contained in other sections this Prospectus. You should also consider consulting with your professional advisers before deciding whether or not to apply for the Shares.

|  |  |        |
|--|--|--------|
| Recent history of losses   | The Company has operated at a loss for the previous three financial periods (being a combined loss of approximately \$24.3 million for the period 1 July 2015 to 31 December 2017). Each of the audited financial statements for the last 3 reporting periods included an emphasis of matter within the Auditors' opinion. As at 31 December 2017 the Company's consolidated financial position reported net current liabilities of \$3,704,001 and net liabilities of \$2,618,278. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Depending on the Company's ability to generate additional revenue from its operations, the Company may require additional financing in addition to the funds raised under the Offers.  | 3.1(b) |
| Competition and new technologies   | <p>There is significant competition in the telecommunications industry generally. Vonex's competitors include companies with significantly greater financial, technical, human, research and development and marketing resources than are currently available to Vonex. Vonex's competitors may develop technologies and products that perform better and have greater market acceptance. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose product developments, activities or actions may positively or negatively affect the operating and financial performance of the Company's projects and business.</p> <p>Industries can change rapidly because of technological innovation, new product introductions, declining prices and evolving industry standards, among other factors. New solutions and new technology often render existing solutions and services obsolete, excessively costly or otherwise unmarketable.</p> <p>As a result, the success of Vonex depends on Vonex being able to keep up with the latest technological progress and to develop or acquire and integrate new technologies into its existing business.</p> | 3.1(b) |
| Interruptions to operations, including infrastructure and technology failure | <p>Vonex is exposed to short, medium or long-term interruptions to its operations as it relies on its infrastructure and technology to provide its customers with a highly reliable service. There may be a failure to deliver this level of service as a result of numerous factors, including, human error, power loss, improper maintenance by entities not related to Vonex, physical or electronic security breaches, fire, earthquake, hurricane, flood and other natural disasters, water damage, intentional damage to the networks from vandalism; and sabotage and vandalism.</p> <p>In addition, Vonex's wholesalers or Channel Partners may be exposed to some of the above events that could significantly affect the operations of those entities, which could, in turn, materially and adversely affect Vonex's business, financial condition, results of operations and revenue.</p>   | 3.1(b) |



## Key Risks

|  |  |        |
|--|--|--------|
| Relationships with key intellectual property licensors and technology generators | <p>Vonex uses intellectual property and technology developed in the course of its business that is owned by Vonex, however Vonex also relies on relationships with key intellectual property licensors and technology partners, from whom it licenses the right to use particular intellectual property and technology, such as Vodia (refer to Section 9 for summaries of material agreements relating to the Vonex Business).</p> <p>Vonex's ability to construct, maintain and manage its existing wholesale and retail business is dependent on its ability to use particular intellectual property and technology, and any change in the ability to use intellectual property Vonex relies on may have an effect on Vonex's future financial performance and position.</p>  | 3.1(b) |
| Protection of intellectual property rights                                       | <p>Vonex's Oper8tor App and other technology used in the wholesale business and by Vonex Telecom is partially reliant on its ability to protect and maintain its intellectual property interests. The ability of the Company to obtain and sustain patents, maintain trade secret protection and operate without infringing proprietary rights of third parties is therefore an integral part of the Company's business.</p> <p>As set out in Section 2.4, Vonex has patent rights pending for its proprietary systems and methods for establishing electronic communication. However, if the patent rights are not granted and the Company fails to protect its future developments and intellectual property rights, competitors may gain access to its technology which would in turn harm its business.</p> <p>The granting of protection, such as a registered patent, does not guarantee that the rights of others are not infringed, that competitors will not develop technology to avoid the patent or that third parties will not claim an interest in the intellectual property with a view to seeking a commercial benefit from the Company or its partners.</p> | 3.1(b) |
| Regulatory changes   | <p>Vonex is currently required to meet data retention obligations as required under the <i>Telecommunications (Interception and Access) Amendment (Data Retention) Act 2015</i>. The telecommunication industry is one where governments have a significant investment, for example in Australia, the Australia's NBN.</p> <p>Changes in government policy relating to the telecommunications industry may directly and indirectly affect the competitive landscape that Vonex operates in which could materially affect Vonex's future financial performance and position.</p>  | 3.1(b) |
| Access to the internet and other technology infrastructure                       | <p>As Vonex's services are designed primarily to work over the Internet, its revenue growth depends on its customers' low cost, high-speed access to the Internet, as well as the continued maintenance and development of the Internet infrastructure, including its access to IP providers.</p> <p>Additionally, Vonex's ability to maintain its IP ranges and access to the cloud technology is important in order to offer its business grade voice services across the world. IP ranges are required to host the Vonex PBX system at various data centres and allows Vonex to assign public IP addresses to them, allowing Vonex's services to be readily accessible across the internet or any part of the world with internet access. Vonex's IP ranges are maintained through APNIC accordingly if Vonex does not maintain its membership with APNIC it will lose ownership and management of its allocated IP ranges which will be detrimental to the PBX operations and subsequent revenue generation from these services.</p>   | 3.1(b) |

## Key Risks

|                                      |   |        |
|--------------------------------------|---|--------|
| Security breaches and hacker attacks | A malicious attack on Vonex's systems process or people from external or internal sources could put the integrity and privacy of customers' data and the Vonex PBX system and associated technology at risk. The impact of loss or leakage of customer or business data could include costs for rebates, potential service disruptions, litigation and brand damage resulting in reduced or falling revenues. Vonex follows best practise in relation to security policies, procedures, automated and manual protection, encryption systems and staff screening to minimise this risk.                          | 3.1(b) |
| Carriers and Supply                  | <p>The Company could face the risk of supply constraints, such as changes to product availability, pricing or supply terms, from Carriers providing carriage service. The Company's suppliers have the right to vary the terms of pricing for products supplied to the Company or other terms of supply.</p> <p>The Company mitigates risks of a detrimental change in pricing or availability of a product by having supply agreements with multiple suppliers. Nonetheless, a change of a substantial portion of the Company's supply between suppliers could cause a material disruption to the Company.</p> | 3.1(b) |
| General risks                        | Economic risks, acquisition risks, litigation risks, additional requirements for capital and unforeseen risks.  | 3.1(c) |

## Directors and Management

| Who are the Directors of the Company and what benefits are being paid to Directors? | <table border="1"> <thead> <tr> <th>Directors</th> <th>Designation</th> </tr> </thead> <tbody> <tr> <td>Chen Chik (Nicholas) Ong</td> <td>Non-Executive Chairman</td> </tr> <tr> <td>Matthew Fahey</td> <td>Managing Director &amp; CEO</td> </tr> <tr> <td>David Vilensky</td> <td>Non-Executive Director</td> </tr> <tr> <td>Winnie Lai Hadad</td> <td>Non-Executive Director</td> </tr> </tbody> </table> <p>Refer to section 9.3 for details of the benefits being paid to the Directors.</p> | Directors | Designation | Chen Chik (Nicholas) Ong | Non-Executive Chairman | Matthew Fahey | Managing Director & CEO | David Vilensky | Non-Executive Director | Winnie Lai Hadad | Non-Executive Director | 4 |
|---|---|-----------|-------------|--------------------------|------------------------|---------------|-------------------------|----------------|------------------------|------------------|------------------------|---|
| Directors   | Designation   |           |             |                          |                        |               |                         |                |                        |                  |                        |   |
| Chen Chik (Nicholas) Ong  | Non-Executive Chairman  |           |             |                          |                        |               |                         |                |                        |                  |                        |   |
| Matthew Fahey   | Managing Director & CEO   |           |             |                          |                        |               |                         |                |                        |                  |                        |   |
| David Vilensky  | Non-Executive Director  |           |             |                          |                        |               |                         |                |                        |                  |                        |   |
| Winnie Lai Hadad  | Non-Executive Director  |           |             |                          |                        |               |                         |                |                        |                  |                        |   |
| Who are the management and consultants of the Company?                              | <p>Greg King – Chief Financial Officer</p> <p>Matthew Foy &amp; Daniel Smith – Company Secretaries</p>  | 4.4       |             |                          |                        |               |                         |                |                        |                  |                        |   |
| Does the Company have an employee incentive plan?                                   | The Company has put in place a Performance Rights Plan ("PRP"). At the date of this Prospectus 19,260,000 performance rights/shares have been issued under the PRP. After listing, the Board may make additional offers under the PRP.  | 2.14      |             |                          |                        |               |                         |                |                        |                  |                        |   |

## 2. COMPANY AND BUSINESS OVERVIEW

### 2.1 Introduction

Vonex Limited as it currently exists has its origins in a reverse takeover transaction it undertook at a time when it was called Aleator Energy Limited (“**Aleator**”) that was consummated on 8 February 2016.

The business of Vonex was founded in 2009 by a company now called Vonex Wholesale Limited (ACN 138 093 482) (“**VWL**”) which is an award winning Perth based technology company that is a leader in the development of new technologies in the communications industry.

On 8 July 2015, Aleator, already listed on the ASX, entered into a binding Heads of Agreement with VWL for the option to acquire 100% of the issued shares in Vonex Wholesale Limited (“**Acquisition Agreement**”). At the time, VWL was a public unlisted company. Shareholders approved the Acquisition on 13 November 2015 on which date Aleator formally changed its name to Vonex Limited.

As part of the Acquisition, Vonex sought to raise \$5 million in order to fund growth of the VWL business pursuant to a full form ASX Prospectus which was lodged on 3 December 2015 (the “**ASX Prospectus**”). The offer period closed on 16 December 2015 having been fully subscribed.

Having received written confirmation from the ASX by letter dated 22 January 2016 of the proposed reinstatement of the Company’s securities subject to the usual ASX conditions, the Acquisition of VWL was completed on 5 February 2016 with associated changes to the Board including the appointment to the Board of two VWL Directors, Ms Brydie McKee and Mr Angus Parker.

Subsequent to the completion of the Acquisition, the Company received a letter from ASX dated 26 February 2016, which raised certain queries on the timing of receipt of funds from those applying for shares under the ASX Prospectus, and the retention of such funds in a separate trust account for the benefit of those applying (until completion of the transaction) as required under the Corporations Act.

What subsequently followed was an exchange of correspondence between the Company and the ASX and the eventual removal of the Company from the official list of the ASX on 12 April 2016 (the “**Delisting**”).

Since the date of the Delisting the Company sought to raise additional working capital and funds to repay remaining subscribers to the ASX Prospectus, via the issue of a convertible note facility (“**Secured Note**”). The Company raised \$1,387,000 via the Secured Note (further details of the Secured Note are set out in section 9.6(a)).

On 14 June 2016, the Company advised that all investors who had lodged applications for shares under the ASX Prospectus had been refunded their application money in full.

In addition, on 14 June 2016 the Company advised of the appointments of Mr Nicholas Ong as Non-Executive Chairman, Mr David Vilensky as Non-Executive Director and Vonex Telecom’s Chief Commercial Officer Mr Matt Fahey as Commercial Director to the Board of the Company. Following the appointments of Messrs. Ong, Vilensky and Fahey, the Company advised that the resignations of Mr Lew Cross and Ms Brydie McKee had been effected (further details of the Board are set out in Section 4.1).

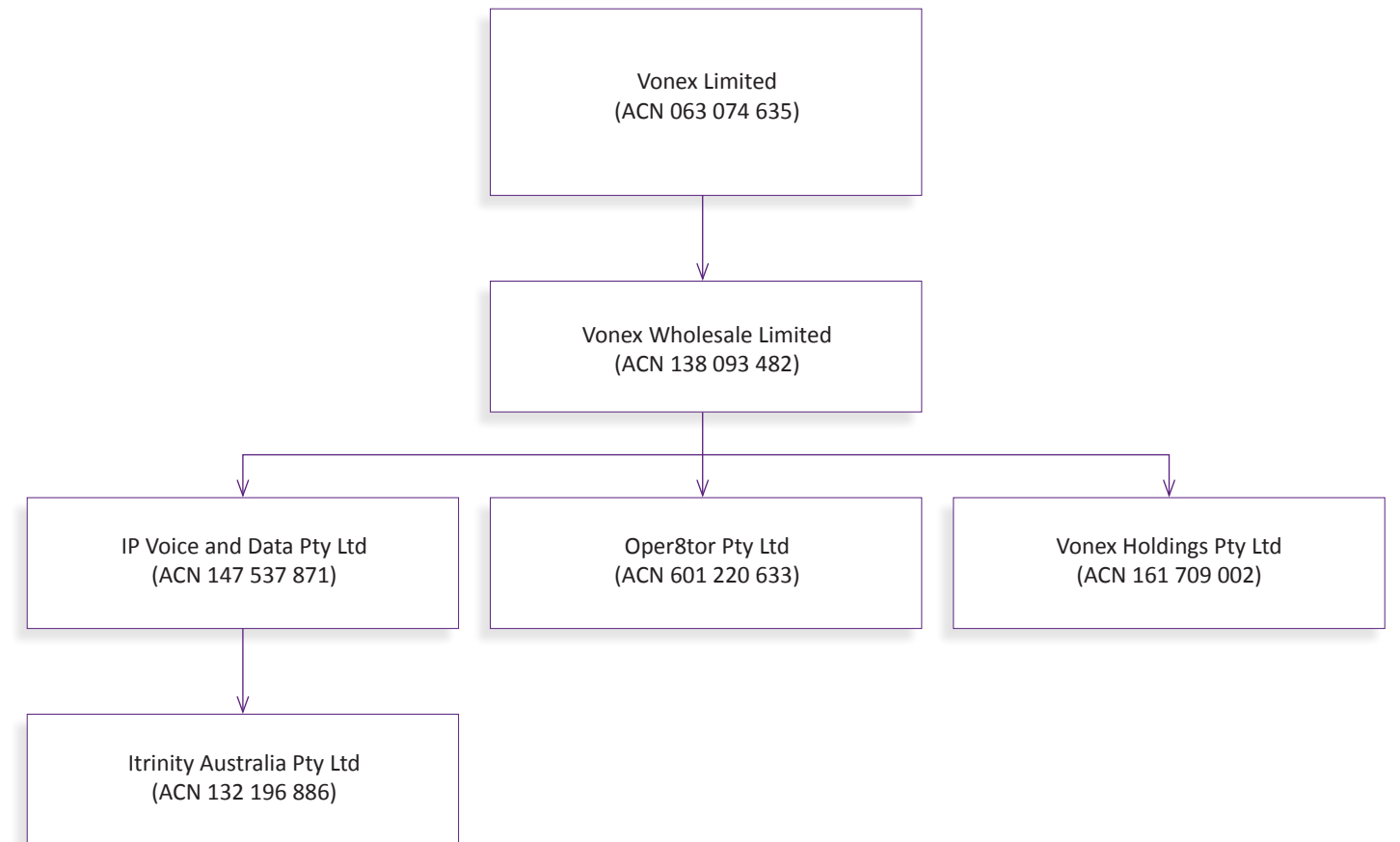
On 3 January 2017, the Company advised it had executed a binding share sale agreement to sell the Golden Eagle project in Grand Country, Utah (**Golden Eagle Agreement**). The key terms of the Golden Eagle Agreement were as follows:

- (a) Cash consideration of \$100;
- (b) From the date of the Golden Eagle Agreement, Halcyon, the purchaser, assumes all ongoing expenses and liabilities associated with maintaining the Golden Eagle project in good standing; and
- (c) At settlement, Halcyon will assume all outstanding liabilities associated with the Golden Eagle project and indemnify Vonex against any current or future claims. Outstanding liabilities include costs associated with any environmental restoration at the Golden Eagle project, as well as any amounts owing to regulatory or governing authorities in the United States.

Settlement of the Golden Eagle Agreement occurred on or around 3 January 2017.

### 2.1 Introduction

The Company’s organisational structure is as follows:



## 2.3 Business Overview

Vonex is an award winning Australian founded Technology company which develops new technologies in the communication industry. Its network infrastructure, active in Jakarta, Singapore, London, California, New York, Washington DC, Sydney and Perth services a majority of the world's regions. The Company's strategic vision includes expansion into several new regions, which, when complete, will give us true global reach. The Company has an established track record in delivering advanced technologies in communications including a feature rich cloud-hosted PBX system originally launched in 2009, which delivers the latest in innovative features to the business customer otherwise unachievable using conventional phone systems.

The Company is made up of three core business units:

**(a) Vonex Wholesale** – Vonex developed a cloud-hosted PBX system which delivers innovative features to the business customer otherwise unachievable using conventional phone systems. Vonex's technology has successfully cut the time of deploying PBX systems into offices from weeks to a matter of minutes which has the potential to save companies thousands of dollars in setup costs as well as generating considerable savings in their telecommunications expenses ongoing.

The Vonex Wholesale business provides wholesale customers access to the core Vonex PBX and call termination services at wholesale rates via a white label model where the wholesale customer goes to market under their own brand. The typical customer of this business is an Internet Service Provider, Telecommunications Provider or Cloud Service Providers. This business attracts larger operators who have the resources to run their own business, operating under their own brand.

Vonex sets up a dedicated instance of the Vonex technology within the Vonex network, branded under the wholesaler's brand and Vonex is then responsible for managing the environment on behalf of the wholesale customer as well as providing high level technical assistance to their technical team within the wholesale customers business. Vonex does not provide end customer support via this business segment. The wholesale customer is responsible for sales, marketing, product development, provisioning end customer support, credit management and all other functions required to support the end customer. Vonex charges the wholesale customer a license fee on a per user basis and has no direct relationship with the end customer.

**(b) Vonex Telecom** – Vonex also has its own telecommunications business, Vonex Telecom. This arm retails the hosted PBX, internet connections, NBN, Mobile and landline telephony packages at very competitive prices predominantly to the SME customer under the Vonex brand. New customers are acquired via our Channel Partner network, which is best thought of as a large sales force. The role of a Channel Partner is to sell the product to the end client, design the PBX system and sign the end user into a contract with Vonex directly. A Channel Partner may provide IT services to the customer to assist with the installation of hosted PBX or this may be outsourced to the customer directly. A Channel Partner is paid a commission for successful activation of a new Vonex customer; however Vonex is responsible for provisioning of services and ongoing management for the life span of the client. The end customer has a direct relationship with Vonex and pays Vonex directly for all the services supplied.

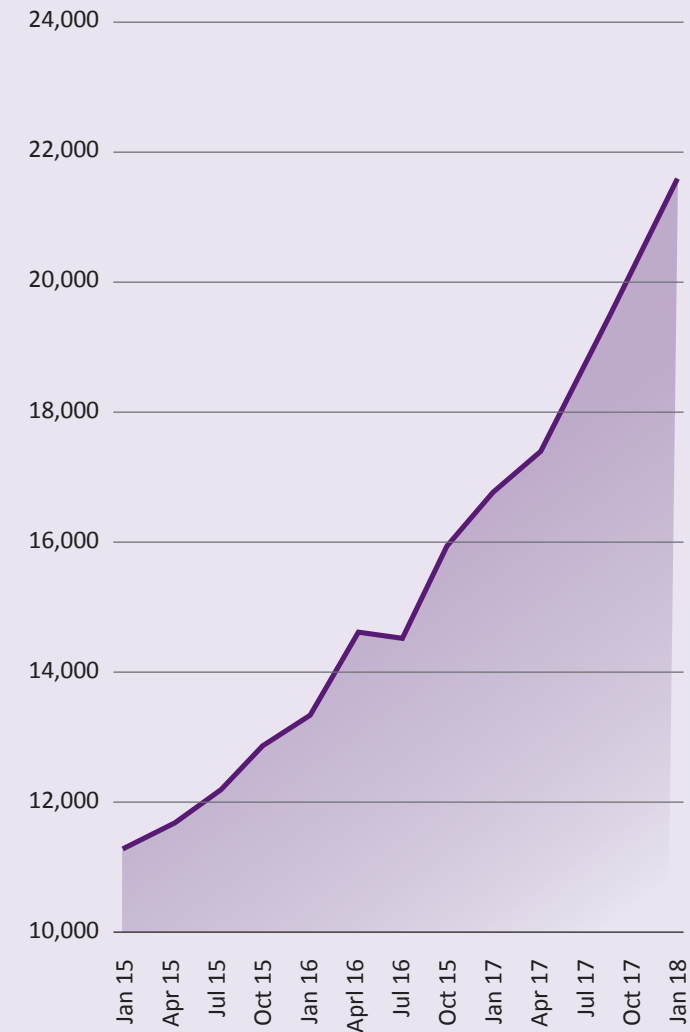
**(c) Development and engineering department** – is the voice-engineering department which maintains and develops products to keep Vonex ahead of the market. This is the engineering and creative hub of the organisation where the Company's intellectual property is developed and tested before patents are lodged and the product is commercialised. The Company's development arm is also developing an App that re-invents communications worldwide, called "Oper8tor" ("Oper8tor App").

The Company was aware of the considerable frustration from users required to have so many communication apps installed on their device to be able to communicate with various social and business contacts.

There is a clear issue when it comes to multiple parties trying to participate on a conference call using different technologies, and the irritation that arises from the different parties being unable to start promptly, a factor caused by the varying platforms they each prefer to use. As an example, complications can arise if all parties are not active Skype users and are not all online at the same time.

The Oper8tor App has a target market of both consumers and providers and can be deployed worldwide. The IP behind the Oper8tor App is owned by Vonex who have applied for a patent in respect of the technology. The Directors' are of the view that this patent pending mobile app may significantly increase Vonex's minutes sold due to its voice interoperability between other communication platforms and Apps. The more competitors that come in to the market the greater the need for the Oper8tor App as a single App that allows individuals to talk to others across multiple platforms and Apps.

### Active PBX Users



The graph above shows the growth in total active PBX users has grown from 11,000 to almost 22,000 in just 36 months.

### Monthly Billing AUD



The graph above shows Vonex Telecom has experienced strong month on month organic growth since inception.



## 2.4 Intellectual property and proprietary technology

### Oper8tor

Vonex's development arm is currently developing a patented App that re-invents communications worldwide, called "Oper8tor".

The patent application is Australian Provisional Patent Application No.2015902480, titled "System and Method for Establishing Communications Over a Plurality of Communication Platforms", filed on 24 June 2015. Vonex has also filed an international patent application under the Patent Cooperation Treaty (Application No. PCT/AU2016/050537). Reference is made to the "Patent Property Report for Vonex Ltd" dated 25 January 2018 prepared by Fisher Adams Kelly Callinans, Patent & Trade Mark Attorneys contained in section 7 of this Prospectus for details of all patent applications lodged on behalf of Vonex in relation to Oper8tor.



As it stands each user is required to download the same specific App to talk to each other (i.e. download Skype to talk to Skype, or Viber to Viber, or Facebook to Facebook, or Google to Google).

The Oper8tor App will eliminate the need for this as it aims to seamlessly link all voice calls across multiple platforms and devices around the world, as well as messaging, and by doing so will create an innovative piece of communication technology forcing notice. As at the end of the Alpha development, Oper8tor is able to link mobile phones, land lines, Skype, Google Hangouts, WeChat simultaneously into a single voice call. The connection of video and messaging will be included into the Alpha / Beta testing as oper8tor to oper8tor only.

Social media communication is rapidly growing over traditional methods, the extent of which can be seen in the table below.

|                      | Year 2015 | Year 2018 | % Increase |
|----------------------|-----------|-----------|------------|
| Google Hangouts      | 110       | 820       | 645%       |
| Skype                | 300       | 320       | 7%         |
| Viber                | 400       | 608       | 52%        |
| WhatsApp             | 417       | 1,200     | 188%       |
| WeChat               | 697       | 1,400     | 101%       |
| Facebook             | 700       | 1,200     | 71%        |
| Traditional Landline | 4,500     | 3,800     | -18%       |

Social media communication users in millions of users.  
Source App Annie & Vonex

Oper8tor has a great opportunity to provide the huge number of users a product which is easy to use, contains unique features and uncomplicated voice and messaging to a level of simplicity not seen before.

Oper8tor will conclude the Alpha development and move into the Beta development in the 3<sup>rd</sup> quarter of 2018.

Beta Development includes user interface functionality, look and feel, and comprising initial Beta product testing with controlled users utilising the current Vonex client database, data collection, bug reporting testing and tracking, scalability testing on elastic servers, redundancy and online marketing. The costs of development primarily include the hiring of in-house engineers and developers until a minimum viable product is ready for soft-launch in Europe.

Vonex has selected a soft-launch into Europe due to the high number of people and clean data on app take-up and demand. To attempt to reach 10 million monthly active users this is unlikely to happen in Australia with a population of approximately 24.6 million versus 739 million in Europe. The EMEA (Europe, the Middle East and Africa) is a wide and fragmented region with more countries than any other region. Culturally and ethnically diverse and quite attractive for almost every developer due to the coverage and data returned to the developer. There are large amounts of data from the apps stores and independent companies like App Annie <https://www.appannie.com/en/>, follow proven strategies before attempting global launches.

Vonex runs network and infrastructure operations outside of Australia for redundancy and uptime purposes utilising, amongst other things, overseas data centres. This infrastructure has allowed Vonex to prepare for the soft launch of the Oper8tor App.

On successful completion and commercialisation of the Oper8tor App revenues are intended to be generated three ways after allowing the Oper8tor App to be downloaded for free:

- advertising on the Oper8tor App;
- premium upgrade to a paid version removing advertising;
- in app purchases of advanced Oper8tor App features (merge, transfer, conference);
- Business conference calls; and
- Voice minutes to allow discount calls to traditional numbers intended primarily for business customers but available to everyone.

## 2.5 Industry Overview

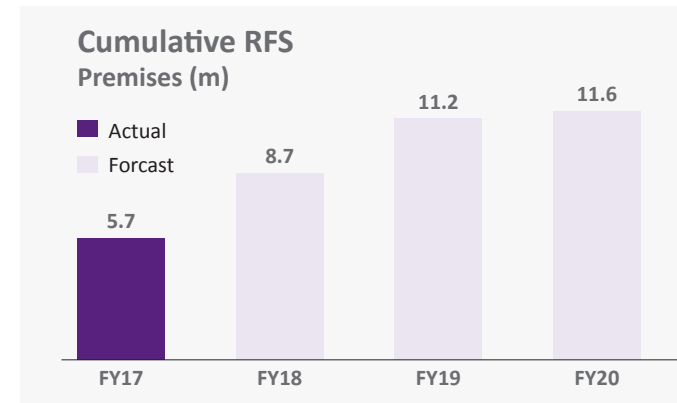
Vonex's products and services currently compete in the PBX and telecommunications markets in Australia and worldwide.

The Australian telecommunications industry is going through significant change.

The Australian Government has commenced converting the population's voice and internet services to its NBN which will provide consumers and businesses in Australia access to much faster internet speeds - at least 50Mbps to 90% of fixed line premises - (source NBN Corporate Plan 2016).

The rollout aims to have the initial network construction phase of 11.6 million premises complete by 2020 (NBN Corporate Plan 2017) Having met the commitment to prioritise under-served areas initially, now the main focus is on moving to metropolitan areas where population density provides for a higher target market of SMEs.

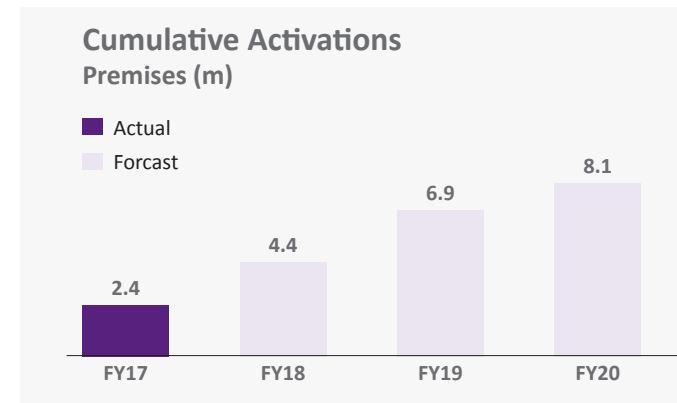
Forecast number of premises ready for service (RFS):



Source: NBN Corporate Plan 2017

The NBN Corporate Plan 2017 also outlines the target of 5.7 million additional customers to be connected to the network over the next 3 years.

Forecast number of activations:



Source: NBN Corporate Plan 2017

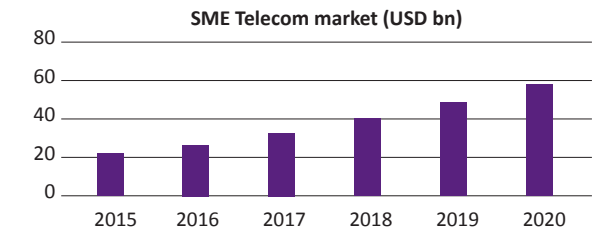
As existing non-fibre telecommunications infrastructure will no longer be supported customers are required to arrange to connect via a retailer to the NBN network which as a primarily fibre network is providing end users have the option to use Voice over Internet (VoIP) technologies benefitting from faster connection speeds. This provides a rare opportunity for smaller, agile businesses with good products to gain market share from the more established telco businesses in Australia.

Vonex is an NBN retailer specialising in VoIP and the current Board believes that Vonex is well positioned to benefit from the expected growth of VoIP telephony that the NBN will permit.

### Virtual PBX systems

Over the past two decades, the internet has become pervasive in business and consumer communications and voice and other multi-media communications over the internet (generally referred to as VoIP) has become a dominant mode. In fact, the business VoIP services, in particular managed IP PBX services have hit their stride, experiencing broad adoption among small, medium, and large enterprises.

Important to the Vonex business strategy is a McKinsey estimate that VoIP in the SME customer segment will grow 20% annually.



Source: McKinsey

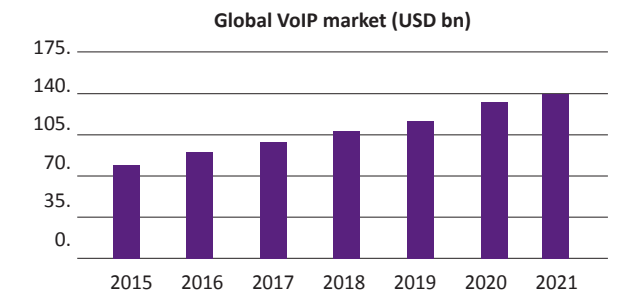
One of the key drivers of growth of the cloud solutions market is the total cost of ownership (TCO) advantages over traditional on-premise solutions. A TCO study by Frost and Sullivan, modelling small 50 agent contact centre configurations to larger 500 agent configurations showed significant cost savings of hosted/cloud solutions over on premise solutions over both three and five-year periods.

### Telecommunications

One of the most marked developments in the field of telecommunications and technology in the last few decades has been enabling people to get in touch with one another quickly, through numerous means, while on the go. Communications and its ever-strengthening connection to mobility has become the most significant telecommunications development of recent years; allowing people to juggle daily schedules, home life and work. Major tech companies manufacture such devices and constantly develop them so that they continue to meet new organisational challenges presented during the course of everyday life.

### Global revenue from Telecommunications industry

The global VoIP communication market is expected to grow at a 9.1% CAGR to USD \$140 bn in 2021.



Source: Zion Research

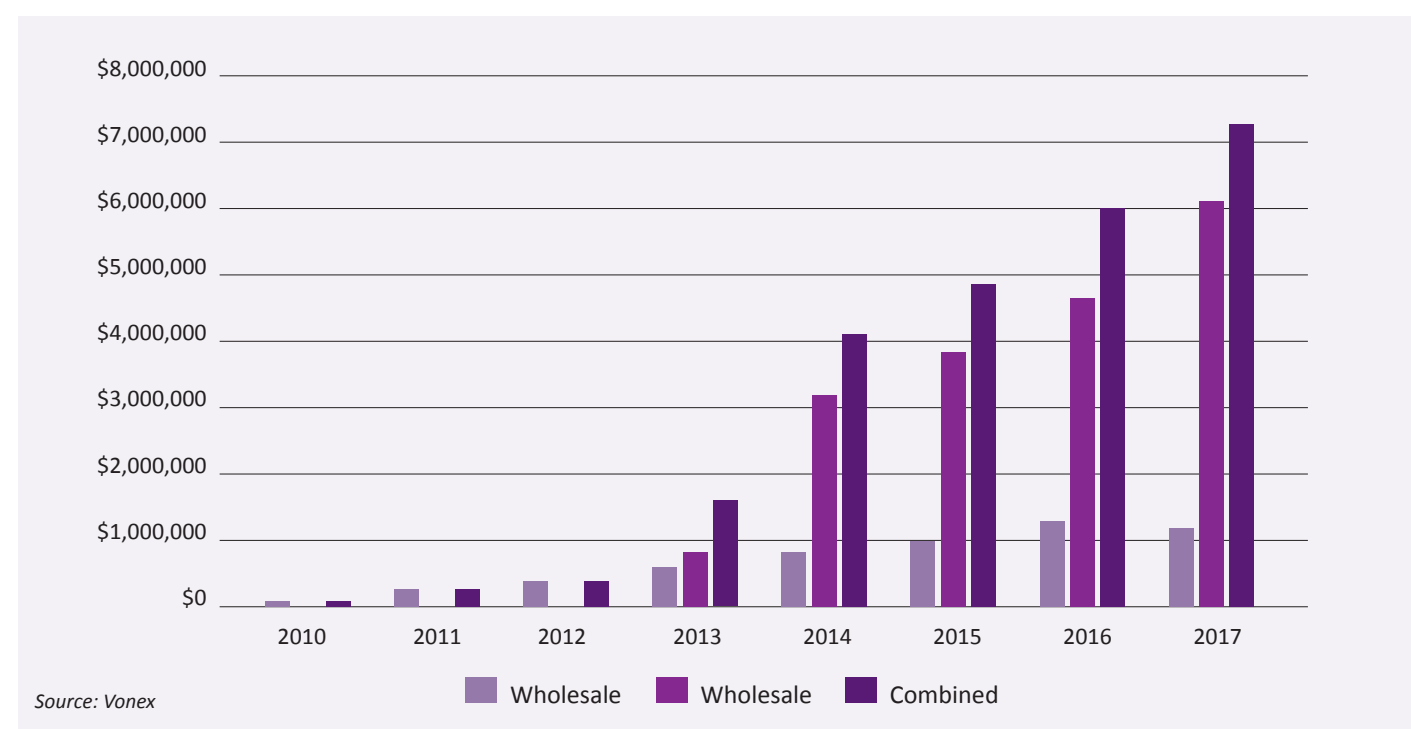
### Carriage Service Providers

Telecommunications resellers are viewed as cost-effective distributors of network carriers' excess capacity, as they can service niche markets while diversifying the revenue stream of infrastructure owners. These opportunities have expanded over the past five years as consumers have increasingly shifted demand away from fixed-line networks and towards mobile networks. Handsets and mobile networks have undergone significant technological improvements over the past five years, fuelling strong demand for mobile connectivity. As more businesses and consumers have taken up mobile services, the Telecommunications Resellers industry has grown.

## 2.6 Future of Vonex

The Board has two key aims for Vonex to grow the existing business through its wholesale and retail arms providing predictable recurring revenue business and the development and launch of the Oper8tor App.

The telecommunication business continues to grow year on year organically and will continue to benefit from the NBN roll out, demonstrating the natural increase in demand for the technologies offered via Vonex PBX and there is a key opportunity ahead to accelerate this growth.



The graph above details the revenues generated by the Company, and which are produced predominantly via the Wholesale and Retail telecommunications divisions.

The audited results of these divisions reported \$6.12 million for Retail covering the financial year ended 30 June 2017 (2016: \$4.68 million and 2015: \$3.87 million) and \$1.16 million for the Wholesale division covering the financial year ended 30 June 2017 (2016: \$1.32 million and 2015: \$0.99 million).

The respective telecommunications divisions have continued to achieve year on year sales revenue increases. For the 2017 financial year, the divisions reported a 28% increase in sales revenues (2016: 20% and 2015: 22%).

As the rollout of the NBN in Australia is well under way, Vonex is in a strong strategic position to capitalise on servicing SME customers as a primary target market. This market is difficult for the large carriers to service due to lack of economies of scale; however, with its footprint of 400+ channel partners Vonex is able to provide a very personalised service to meet the individual needs of these customers.

SME customers are traditionally very stable and once converted to cloud PBX, Vonex experiences extremely low customer loss, well below industry average. Australia has 2.1 million SME's (Australian Bureau of Statistics 2016) and with the forced shift of all customers to the NBN this presents a great 'land grab' opportunity for Vonex and may enable it to substantially increase the scale of the Company and turn its attention to other key opportunities in the consumer and enterprise markets. In addition, its midterm plans involve the expansion of the wholesale business into international markets.

According to the BDO 2017 Telecommunications Risk Factor Survey, the single biggest threat to the large telecommunication providers in the APAC region is the fast arrival of new technologies.

The capital injection resulting from the upcoming ASX listing will also provide Vonex with the necessary funding and resources to further develop the Oper8tor App.

Vonex is targeting an initial launch of Oper8tor during the second half of calendar year 2018 and aims to achieve an initial milestone of 10 million active users by the end of 1<sup>st</sup> quarter in calendar year 2019.

The Directors think that Oper8tor represents an exciting and achievable opportunity to further broaden the value proposition of Vonex.

Vonex will also be actively looking for affordable and profitable companies to purchase so as to assist the Company achieve its milestones.

### 2.7 Key Dependencies of the Company's Business Model

The key factors that the Company will depend on to meet its objectives are:

- the recruitment of the correct personnel and retention of existing personnel;
- continuing to service existing customers;
- gaining of new wholesale and retail customers;
- the continued marketing of the Company's existing products and continual enhancements of those products to existing and new customers; and
- the continual development of products to meet the future demands of the telecommunication industry.

## 2.8 Growth strategy

For growth, the Company intends to increase Shareholder value as per the vision outlined above, by adopting the following strategies:

- continually evaluating its personnel and looking for the best in the field;
- continue to service its existing clients and sign up new retail and wholesale clients;
- development and launch the Oper8tor App;
- continually monitoring the telecommunications industry and looking for opportunities to develop new innovative products to address opening market needs; adopting appropriate portfolio and risk management policies to achieve operating efficiencies and maximise returns for investors;
- continually looking for acquisition opportunities which are complementary to the existing business;
- if appropriate, ensuring the application of appropriate debt levels with a view to providing acceptable risk-adjusted returns; and
- prudently and actively managing its administrative expenditure.

The NBN as a direct replacement for the primary and only national fixed line voice network in Australia is unique. The NBN forces an entire population to change from the old network to the new and triggers mass customer movement not traditionally seen, creating a potential land grab opportunity for companies well positioned like Vonex.

The NBN is under pressure to increase the number of customers to offset network build costs and there is a push to entice customers to join quickly. Vonex, as an established NBN provider, has a large footprint of Channel Partners that have been effective in meeting the service requirements of SME customers, a segment that has growing demand for VoIP technology.

This area of the market is challenging for the large carriers to effectively service. It is this key point of difference that place Vonex as well established to take full advantage of the short, medium and long-term growth opportunities in the Australian market.

Vonex will use some of the funds raised for marketing and advertising (refer table opposite). These campaigns will be specifically targeted to follow the rollout of the NBN and will align with the geographic locations of our key Channel Partners. The primary intention of these marketing campaigns will be to generate enquiries from SMEs for our Channel Partners to facilitate into new Vonex customer orders.

Vonex intends to achieve this outcome by recruiting a marketing specialist to work in house, ideally with experience in both brand strategy and the digital online advertising space. The role of this individual will be to manage the marketing efforts of Vonex, both in house and any work contracted to 3rd parties. The initial priority is to manage the design and publishing of digital campaigns in both social media and the general online spaces, this will specifically provide the main lead generation activity initially for Vonex Telecom. These campaigns will most likely involve some outsourced work contracted to specialist digital marketing agencies.

This digital marketing is anticipated to increase throughout 2018 following initial testing periods, and funds will also be allocated to more generic marketing for the strategic benefit of the Vonex brand.

The additional orders obtained through marketing efforts will directly increase the number of new customers activated on a monthly basis and in turn increase the revenue and associated net profit of the retail business.

### 2.9 Use of funds raised under the Offer

| Funds available                                      | Minimum Subscription (\$ million) | Percentage of Funds (%)        | Maximum Subscription (\$7 million) | Percentage of Funds (%)        |
|--|-----------------------------------|--------------------------------|------------------------------------|--------------------------------|
| Existing cash reserves of the Company <sup>1</sup>   | \$747,000                         | 11.07%                         | \$747,000                          | 9.64%                          |
| Funds raised from the Capital Raising                | \$6,000,000                       | 88.93%                         | \$7,000,000                        | 90.36%                         |
| <b>Total</b>   | <b>\$6,747,000</b>                | <b>100.00%</b>                 | <b>\$7,747,000</b>                 | <b>100.00%</b>                 |
| <b>Allocation of funds</b>                           | <b>Minimum Subscription</b>       | <b>Percentage of Funds (%)</b> | <b>Maximum Subscription</b>        | <b>Percentage of Funds (%)</b> |
| Creditors & Debt repayment                           | \$1,195,000                       | 17.71%                         | \$1,195,000                        | 15.43%                         |
| IP and Patent Protections                            | \$100,000                         | 1.48%                          | \$100,000                          | 1.29%                          |
| Oper8tor Development                                 | \$1,734,000                       | 26%                            | \$1,734,000                        | 22.38%                         |
| Retail & Wholesale Business Development <sup>2</sup> | \$2,000,000                       | 29.64%                         | \$2,000,000                        | 25.82%                         |
| Expenses Associated with the Offer <sup>3</sup>      | \$630,900                         | 9.35%                          | \$708,600                          | 9.15%                          |
| Working Capital <sup>4</sup>                         | \$1,087,100                       | 16.11%                         | \$2,009,400                        | 25.94%                         |
| <b>TOTAL</b>   | <b>\$6,747,000</b>                | <b>100.00%</b>                 | <b>\$7,747,000</b>                 | <b>100%</b>                    |

1. These funds represent existing cash held by the Company at or around the date of this Prospectus. The Company expects to incur costs within the ordinary course of its business which will diminish this amount prior to completion of the Offer.

2. Refer to the table below for an itemised more detailed cost of the Retail & Wholesale Business Development:

The Company intends to apply funds raised from the Offer, together with existing cash reserves, in the next two years following admission to the Official List of the ASX as follows:

See over for details



| Item  | Minimum Subscription (\$) | Over-Subscription (\$) |
|---|---------------------------|------------------------|
| Marketing/Advertising (Inc. Lead Generation)  | \$1.2M                    | \$1.2M                 |
| Additional staffing (Inc. recruitment costs), system upgrades and improvements, further automation of back office processes within the sales ordering, provisioning and other admin systems to cater for growth | \$0.8M                    | \$0.8M                 |
| <b>TOTAL</b>  | <b>\$2M</b>               | <b>\$2M</b>            |

1. Refer to Section 8.17 of this Prospectus for further details.
2. Working capital includes the general costs associated with the management and operation of the business including salaries & wages, payroll and other administration expenses and other costs.

In the event the Company raises more than the Minimum Subscription amount of \$6,000,000 but less than the

Oversubscription amount of \$7,000,000, the additional funds raised will be applied towards expenses associated with the Offer and then to marketing, technology and development.

The table opposite is a statement of current intentions as of the date of lodgement of this Prospectus with the ASIC. As with any budget, intervening events and new circumstances have the potential to affect the way in which funds will be utilised. The Board reserves the right to alter the way funds are utilised on this basis.

On completion of the minimum raising of \$6,000,000 under the Offer, the Board believes the Company will have sufficient working capital to achieve these objectives.

Actual expenditure may differ significantly from the estimates due to a change in market conditions, the development of new opportunities and other factors (including the risk factors outlined in Section 3).

## 2.10 Material contracts to our business and operations

Refer to Section 9 of the Prospectus.

## 2.11 Sufficiency of working capital

The Directors are of the opinion that the Company will have enough working capital to carry out its business objectives as described in this Prospectus.

## 2.12 Capital structure

The capital structure before and after the Offer is as follows:

| Shares   | Minimum Subscription |                | Maximum Subscription |                |
|--|----------------------|----------------|----------------------|----------------|
|  | Number               | %              | Number               | %              |
| Existing Shares on Issue   | 65,964,949           | 44.69%         | 65,965,949           | 43.23%         |
| Conversion of Director and Management Performance Rights upon ASX Listing <sup>1</sup>         | 7,260,000            | 4.92%          | 7,260,000            | 4.76%          |
| Conversion of Class B and Class C Performance Shares upon ASX Listing <sup>2</sup>             | 26,666,622           | 18.07%         | 26,666,622           | 17.47%         |
| New Shares Issued following secured convertible note Conversion                                | 14,719,731           | 9.97%          | 14,719,731           | 9.65%          |
| New Shares Issued following Octavus convertible note conversion                                | 2,807,258            | 1.90%          | 2,807,258            | 1.84%          |
| Conversion of Vodia Performance Rights on ASX Listing <sup>3</sup>                             | 178,000              | 0.12%          | 178,000              | 0.12%          |
| New Shares issued under the Public Offer   | 30,000,000           | 20.33%         | 35,000,000           | 22.94%         |
| <b>Total Shares</b>  | <b>147,596,560</b>   | <b>100.00%</b> | <b>152,596,560</b>   | <b>100.00%</b> |
| Performance Rights   | Minimum Subscription |                | Maximum Subscription |                |
| Director and Management Performance Rights on Issue <sup>1</sup>                               | 27,460,000           | 99.46%         | 27,460,000           | 99.46%         |
| Vodia Performance Rights   | 150,000              | 0.54%          | 150,000              | 0.54%          |
| <b>Total Performance Rights</b>  | <b>27,610,000</b>    | <b>100%</b>    | <b>27,610,000</b>    | <b>100%</b>    |
| Options  | Minimum Subscription |                | Maximum Subscription |                |
| Options exercisable at \$0.90 on or before 3 August 2020 <sup>4</sup>                          | 133,750              | 0.36%          | 133,750              | 0.33%          |
| Free attaching options exercisable at \$0.20, expiring 2 years from date of issue <sup>5</sup> | 7,500,000            | 20.35%         | 8,750,000            | 21.55%         |
| Broker Options exercisable at \$0.30 expiring 5 years from issue <sup>6</sup>                  | 14,500,000           | 39.34%         | 17,000,000           | 41.86%         |
| Convertible noteholder options exercisable \$0.20 ea. expiry 30/11/20227                       | 14,719,731           | 39.94%         | 14,719,731           | 36.25%         |
| <b>Total</b>   | <b>36,853,481</b>    | <b>100%</b>    | <b>40,603,481</b>    | <b>100%</b>    |

Notes:

1. The Performance Rights on issue as at the date of this Prospectus comprise:
  - 7,260,000 Performance Rights convert upon listing on the Australian Securities Exchange.
  - 780,000 Performance Rights convert upon the Company reaching \$10 million dollars per annum in any quarter.
  - 4,840,000 Performance Rights upon the Company achieving audited gross revenue of \$15 million in a financial year.
  - 4,840,000 Performance Rights upon the Company achieving audited net profit after tax of \$1 million in a financial year.
  - 2,000,000 Performance Rights convertible into ordinary shares upon completion of the beta version of the Oper8tor app and commencement of the official Oper8tor launch in Europe.
  - 5,000,000 Performance Rights convertible into ordinary shares upon the Oper8tor App achieving 10 million Active Users.
  - 10,000,000 Performance Rights convertible into ordinary shares upon the Oper8tor App achieving 50 million Active Users.

Details of the terms and conditions of the Performance Rights issued to Directors and management are set out in Section 10.6.

2. Details of the terms and conditions of the Class B and Class C Performance Shares are set out in section 10.10.
3. Details of the terms and conditions of the Performance Rights issued to Vodia are set out in section 10.9. Details of the terms and conditions of the Options are set out in section 10.4.
4. Comprising 103,750 options (77.6%) held by Quattro Capital Pty Ltd and 30,000 options (22.4%) held by Ms. Ksenja Strnadica, both unrelated parties to the Company.
5. Details of the terms and conditions of the Free Attaching Options are set out in section 10.4.
6. Details of the terms and conditions of the Broker Options are set out in section 10.7.
7. Details of the terms and conditions of the Convertible noteholder Options are set out in section 10.6.

## 2.13 Substantial Shareholders

The following are substantial shareholders (as defined in the ASX Listing Rules) of the Company as at the date of this Prospectus:

| Shareholders                            | Number of Shares | % of Issued Capital | Class B Performance Shares | Class C Performance Shares | Performance Rights |
|---|------------------|---------------------|----------------------------|----------------------------|--------------------|
| Angus Parker <sup>1</sup>               | 11,187,434       | 16.96%              | 3,375,429                  | 3,375,429                  | 8,930,000          |
| Carmine Lion Group Pty Ltd <sup>2</sup> | 10,324,835       | 15.65%              | 3,710,040                  | 3,710,040                  | -                  |
| Matthew Fahey <sup>3</sup>              | 4,338,485        | 6.58%               | 984,903                    | 984,903                    | 8,930,000          |
| Confadent Limited <sup>4</sup>          | 3,500,000        | 5.31%               | -                          | -                          | -                  |

Notes:

1. Angus Parker and associated entities comprising:
  - a. 1,538,894 ordinary shares, 14,143 Class B Performance Shares, 14,143 Class C Performance Shares and 8,800,000 Performance Rights held by Mr Angus Parker;
  - b. 130,000 ordinary shares and 130,000 Performance Rights held by Jorsava Pty Ltd <Jorsava Family A/C>;
  - c. 137,427 ordinary shares, 49,973 Class B Performance Shares and 49,973 Class C Performance Shares held by Guspark Pty Ltd <Guspark Super Fund A/C>; and
  - d. 9,381,113, ordinary shares, 3,411,313 Class B Performance Shares and 3,411,313 Class C Performances held by Finance West Pty Ltd <Finance West Unit A/C>.
2. Carmine Lion Group Pty Ltd and its associated entities comprising:
  - a. 7,213,803 ordinary shares, 2,619,160 Class B Performance Shares and 2,619,160 Class C Performance Shares held by Carmine Lion Group Pty Ltd;
  - b. 3,078,620 ordinary shares, 1,079,094 Class B Performance Shares and 1,079,094 Class C Performance Shares held by Guava Capital Pty Ltd; and
  - c. 32,412 ordinary shares, 11,786 Class B Performance Shares and 11,786 Class C Performance Shares held by Nannook Holdings Pty Ltd.

Mr Leslie Pereira, a former Director of VWL is a Director and shareholder of Nannook Holdings Pty Ltd and Carmine Lion Group Pty Ltd, and is a Director of Guava Capital Pty Ltd.
3. Matthew Fahey and associated entity comprising:
  - a. 3,777,404 ordinary shares, 828,147 Class B Performance Shares and 828,147 Class C Performances and 8,800,000 Performance Rights held by Mr Matthew Fahey <Fahey Family A/C>; and
  - b. 556,081 ordinary shares, 156,756 Class B Performance Shares and 156,756 Class C Performance Shares and 130,000 Performance Rights held by Silver Consulting Australia Pty Ltd.
4. Confadent Limited is not associated with any substantial shareholder listed.

On completion of the Offers (assuming the Minimum Subscription is raised), the following Shareholders are expected to be substantial shareholders:

| Shareholders                            | Number of Shares | %      | Performance Rights |
|---|------------------|--------|--------------------|
| Angus Parker <sup>1</sup>               | 18,238,292       | 12.36% | 8,830,000          |
| Carmine Lion Group Pty Ltd <sup>2</sup> | 17,744,875       | 12.02% | -                  |

1. Increase in the interest of Mr Angus Parker following the conversion of:
  - a. 14,143 Class B Performance Shares, 14,143 Class C Performance Shares and 100,000 Performance Rights held by Mr Angus Parker into ordinary shares;
  - b. 49,973 Class B Performance Shares and 49,973 Class C Performance Shares held by Guspark Pty Ltd <Guspark Super Fund A/C> into ordinary shares; and
  - c. 3,411,313 Class B Performance Shares and 3,411,313 Class C Performances held by Finance West Pty Ltd <Finance West Unit A/C> into ordinary shares.
2. Increase in the interest of Carmine Lion Group Pty Ltd and its associated entities following the conversion of:
  - a. 2,619,160 Class B Performance Shares and 2,619,160 Class C Performance Shares held by Carmine Lion Group Pty Ltd into ordinary shares; and
  - b. 1,079,094 Class B Performance Shares and 1,079,094 Class C Performance Shares held by Guava Capital Pty Ltd into ordinary shares; and
  - c. 11,786 Class B Performance Shares and 11,786 Class C Performance Shares held by Nannook Holdings Pty Ltd into ordinary shares.



## 2.14 Employee Performance Rights Plan

The key terms and conditions of the Vonex Limited Performance Rights Plan are set out below.

- (a) **Eligibility:** Directors, employees and contractors selected by the Board of Directors may be offered the benefit of performance rights over shares (**Performance Rights**) under the Vonex Rights Share Trust (**Participants**).
- (b) **Administration of Plan:** The Board is responsible for the operation of the Plan and has a broad discretion to determine which Participants will be offered Performance Rights under the Plan.
- (c) **The Performance Rights Plan** is a tax deferred plan in accordance with 83A-C of the Income Tax Assessment Act 1997.
- (d) **Performance Rights:** Performance Rights may be offered to Participants, being:
- Retention rights, being rights that vest and may be exercised into Restricted Shares, based on completion of a period of service; or
  - Performance rights, being rights that vest and may be exercised into Shares, based on achievement of specified performance objectives.
- (e) **Restriction on Transfer:** A Performance Right may not be transferred or otherwise dealt with (including being disposed of, encumbered, made subject to any interest in favour of any other person) and lapses immediately on purported transfer or dealing unless the Board, in its absolute discretion, approves the transfer or the dealing or transfer is effected by operation of law on death or legal incapacity to the Participant's legal personal representative.
- (f) **Vesting:** Following the end of the Measurement Period, as applicable, the Board will determine for each tranche of Performance Rights, the extent to which they vest, which may vary depending on the specific vesting conditions set (Vesting Percentage). Where a tranche of Performance Rights vest, the number of Performance Rights multiplied by the Vesting Percentage prior to and including the final day of the Measurement Period will be paid in cash and Shares as follows:
- \$1,000 per tranche that vests; and
  - provided that the Vested Rights Value is over \$1,000, the remainder in Shares (being the number of vested Rights, less \$1,000).
- (g) **Vesting and Exercise:** Upon vesting and exercise of the Performance Rights, the Company will issue Shares for the Participant's benefit to be held by the by the Vonex Rights Share Trust (RST). The Performance Rights have a nil exercise price.
- For the avoidance of doubt, the Company must receive an exercise notice from the holder prior to the Expiry Date.
- (h) **Rights attaching to Shares:** Each Share shall be issued on the same terms and conditions as the Company's issued Shares (other than in respect of transfer restrictions imposed by the Plan) and it will rank equally with all other issued Shares from the issue date except for entitlements which have a record date before the issue date.
- (i) **Bonus Issues:** If securities are issued pro-rata to Shareholders generally by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the number of Performance Rights to which each holder is entitled, will be increased by that number of securities which the holder would have been entitled if the Performance Rights held by

the holder were vested immediately prior to the record date of the bonus issue, and in any event in a manner consistent with the Corporations Act and the ASX Listing Rules (if applicable) at the time of the bonus issue.

- (j) **Pro-rata Issues:** Subject to any requirements of the Corporations Act and the ASX Listing Rules, in the case of general pro-rata issues to the Company's shareholders, there will be no adjustment to the Performance Rights. However, the Board may consider issuing options:
- of a number up to the number of Shares to which the Participant would have been entitled under the pro-rata issue, had the Performance Rights been fully paid ordinary shares in the Company, and
  - the exercise price of such options will be equal to the amount payable by the Company's shareholders to acquire a Share pursuant to that pro-rata issue.
- (k) **Capital Reconstructions:** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of a Performance Right are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- Forfeiture:** The Performance Rights will be forfeited in the event that the Participant is dismissed for cause, resigns (unless otherwise determined by the Board) or where the Board forms the opinion that a Participant has committed an act of fraud, defalcation or gross misconduct in relation to the Company.
- (l) **Lapse:** if Performance Rights have not vested and are not capable of being vested at a later date, they will lapse.
- (m) **Change in Control Including Takeover:** In the event of a change in control including a takeover, the vesting conditions attached to the Performance Rights will cease to apply and unvested Performance Rights will vest in the proportion to which the vesting conditions have been met or as determined by the Board, up to 100%. The Board will have discretion to vest some or all of the remaining unvested Performance Rights with any Performance Rights that do not vest lapsing.
- (n) **Distribution of Capital to Shareholders:** In the event that the board decides to declare a special dividend or undertake a return of capital to shareholders, the Board may in its discretion determine that some or all of the unvested Rights held by Participants shall vest and may also determine that any remaining unvested Performance Rights shall lapse.
- (o) **Plan Limit:** The Company must take reasonable steps to ensure that the number of Shares issued pursuant to the vesting and exercise of any Performance Rights offered by the Company under the Plan, when aggregated with:
- the number of Shares, which would be issued were each outstanding offer with respect to Performance Rights, or other Shares or options under an employee incentive scheme accepted and all convertible securities under such a plan converted; and
  - the number of Shares that would be issued if each outstanding offer for Shares (including options or rights to acquire unissued Shares) under any employee incentive scheme of the Company were to be exercised or accepted, does not exceed 15% of the total number of Shares on issue at the time of an offer (but disregarding any offer of Shares or option or right to acquire Shares that can be disregarded in accordance with relevant ASIC Class Orders).

## 2.15 Dividend policy

It is anticipated that following completion of the Offer, the Company will focus on the development of the Vonex business. This will likely require significant funding. Accordingly, the Company does not expect to declare any dividends during this period or in the short to medium term.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Board 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 Board. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

## 2.16 Litigation

Legal proceedings may arise from time to time in the course of the Company's business. As at the date of this Prospectus, the Company or its subsidiary or its controlled entity is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company, its subsidiary or its controlled entity.

# 3 RISK FACTORS

## 3.1 Introduction

An investment in the Company is not risk free and the Board strongly recommends that potential investors to consider the key risk factors detailed in the Investment Overview in Sections 1 and 2 of the Prospectus as well as the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

This Section 3 identifies circumstances that the Board regard as the major risks associated with an investment in the Company and which may have a material adverse impact on the financial performance of the Company and the market price of the Shares if they were to arise.

In addition, there are other general investment risks, many of which are largely beyond the control of the Company and its Directors (Section 3.1(c)).

The Directors aim to manage these risks by carefully planning the Company's activities and implementing risk control measures. However, some of the risks identified below are highly unpredictable and to the extent to which the Company can effectively manage them is limited.

The following risk factors are not intended to be an exhaustive list of the risk factors to which the Company is exposed. In addition, this Section 3 has been prepared without taking into account offerees' individual financial objectives, financial situation and particular needs. Offerees should seek professional investment advice if they have any queries in relation to making an investment in the Company.

### (a) Liquidity Risk

The Directors understand that ASX may treat a portion of existing securities on issue as restricted securities in accordance with Chapter 9 of the ASX Listing Rules. However, submissions will be made to the ASX to apply for cash formula relief in respect of the existing securities.

There is a possibility that a material number of the Company's Shares will be subject to escrow upon completion of the Offers, and hence there is an increased liquidity risk (as a large portion of issued capital may not be able to be freely traded for a period of time).

### (b) Risks in respect of Vonex's current operations

#### (i) Recent history of losses

The Company has operated at a loss for the previous three financial periods (being a combined loss of approximately \$24.3 million for the period 1 July 2015 to 31 December 2017). Each of the audited financial statements for the last 3 periods include an emphasis of matter stating that the Company's current liabilities

exceeded its total assets and such conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Depending on the Company's ability to generate additional revenue from its operations, the Company may require additional financing in addition to the funds raised under the Offer.

On a normalised basis, (i.e., removing costs associated with share based payments, capital raising activities, and the Company's delisting from the ASX in 2016), the Company generates sufficient working capital to cover its operating expenses.

#### (ii) Technology development and product commercialisation

The success of Vonex will be impacted by the successful development and commercialisation of its technologies, specifically the Oper8tor Technology.

The Oper8tor Technology is in the development phase. Should the development not be completed in accordance with Vonex's specifications or should the results of further testing indicate technology performance is below market requirements, then Vonex will have to expend additional time and resources to rectify any outstanding issues which will delay the commercialisation of the technology.

#### (iii) Product Development

Vonex believes that it provides a meaningful and engaging offering. Moreover, in addition to its current products and services, Vonex is planning to continue innovation and development on its Oper8tor Technology and associated products. There is the risk that delays in product development, cost overruns or difficulties in delivering new features will negatively impact the Company and its business.

#### (iv) Competition and new technologies

There is significant competition in the telecommunications industry generally. Vonex's competitors include companies with significantly greater financial, technical, human, research and development, and marketing resources than are currently available to Vonex. Vonex's competitors may develop technologies and products that perform better, and have greater market acceptance, than products developed by Vonex. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose product developments, activities or actions may positively or negatively affect the operating and financial performance of the Company's projects and business.

#### (v) Network Operation and IT risks

Any material damage or disruption to the Company's network or IT systems will impair its ability to provide products and services and result in significant disruption to the Company's business and customers.

This disruption could arise as a result of events which are beyond the Company's control, such as telecommunications network failure, failure of other Carrier/supplier equipment or networks, improper or negligent operation of the Company's systems by employees, consultants or resellers, unauthorised physical or electronic access, general network failure and/or natural disasters. Any damage to the Company's network operation and/or IT systems could materially and adversely affect the Company's reputation, operations and financial performance.

#### (vi) Carriers and Supply

The Company could face the risk of supply constraints, such as changes to product availability, pricing or supply terms, from Carriers providing carriage service. The Company's suppliers have the right to vary the terms of pricing for products supplied to the Company or other terms of supply.

The Company mitigates risks of a detrimental change in pricing or availability of a product by having supply agreements with multiple suppliers. Nonetheless, a change of a substantial portion of the Company's supply between suppliers could cause a material disruption to the Company.

#### (vii) Regulatory Risks and NBN

The Company may be affected by changes to government policies and legislation, including those relating to telecommunications, privacy, franchising, data security and taxation. In particular, the Company may be affected by regulatory changes to pricing of key products such as fixed wire or mobile telephony, which may advantage either the Company or its competitors disproportionately. The Company may also be affected by changes to industry regulation which impose new compliance obligations or prohibitions on either the Company or its resellers, such as data retention obligations.

Unforeseen delays with the continued rollout of the NBN including regulatory changes, may impact on the Company and the Company's Channel Partner resellers in the future.

#### (viii) New customers and Channel Partners

The Company's underlying growth depends on acquiring new customers via our existing and new Channel

Partners through the execution of marketing programs. Should the acquisition of new customers via our Channel Partners slow or cease then this may have a material impact on the financial performance of the Company. In particular, a small number of the Company's Channel Partners account for a large portion of the Group's overall sales leads.

#### (ix) Unforeseen expenditure risk

Expenditure may need to be incurred that has not been taken into account in the estimates summarised in Section 2.9 of this Prospectus. Although the Company is not currently aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company and the Company's and the Vonex Business.

#### (x) Hacking and Cyber Security

There is a risk that customers, including Channel Partners, could be hacked, which could result in losses being suffered by the Channel Partners and the Company.

Hacking of a Channel Partner or a customer and their systems could lead to a claim against Vonex. It could also hinder Vonex's ability to retain Channel Partners and customers or attract new ones, which could have a material impact on the Company's growth.

Hacking risks can be somewhat mitigated through contractual arrangements that the Company enters into with Channel Partners and customers, subject to the laws of the relevant jurisdictions.

#### (xi) Third party reliance risk

Vonex uses third party security data feeds and third party technology. Vonex faces a risk that third-party data feeds and technologies may contain imperfections that adversely impact the Company and its product offerings. To some extent, the Company is able to mitigate this risk by having a diverse customer and supplier base, so as to reduce reliance on a particular third-party.

#### (xii) Protection of intellectual property rights

Vonex's Oper8tor App is partially reliant on its ability to protect and maintain its intellectual property interests. The ability of the Company to obtain and sustain patents, maintain trade secret protection and operate without infringing proprietary rights of third parties is therefore an integral part of the Company's business.

Vonex has patent rights pending worldwide for its proprietary systems and methods for establishing electronic communications over a plurality of communication platforms. However, if the Company



fails to protect its future developments and intellectual property rights, competitors may gain access to its technology, which would in turn harm its business. The granting of protection, such as a registered patent, does not guarantee that the rights of others are not infringed, that competitors will not develop technology to avoid the patent or that third parties will not claim an interest in the intellectual property with a view to seeking a commercial benefit from the Company or its partners. In the event Vonex's Oper8tor App patent application is unsuccessful, the Company believes it will not create any barriers to develop and/or commercialise the Oper8tor App.

Legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain. Effective patent, trademark, copyright and trade secret protection may not be available to the Company in every country in which Vonex's technologies may eventually be launched. Accordingly, despite its efforts, the Company may not be able to prevent third parties from infringing upon or misappropriating its intellectual property.

The Company may be required to incur significant expenses in monitoring and protecting its intellectual property rights or defending against claims it has infringed on a third party's patent or other intellectual property rights. It may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of its rights. Any litigation, whether or not it is successful, could result in significant expense to the Company and cause a distraction to management.

The details of the patent rights are as follows:

*Australian Provisional Patent Application No. 2015902480, titled "System and Method for Establishing Communications Over a Plurality of Communication Platforms", filed 24 June 2015.*

*Patent attorneys "Fisher Adams Kelly Callinans," Principal Ernest Graf.*

(xiii) **Reliance on attracting and retaining skilled labour**

Success of Vonex's Oper8tor activities will rely substantially on its ability to attract and retain skilled staff to assist with ongoing product development and planned product commercialisation activities. The departure, either temporary or permanent, of those key staff, or any delay in their replacement, could adversely affect Vonex's performance. Similarly, as a company seeking to grow and expand, Vonex's success in securing new talent will be critical going forward and may be constrained for a number of reasons. Market competition for such labour is intense, and the potential to employ undesirable staff is high. If the Company is unable to attract and retain skilled staff, this could potentially have adverse consequences to the Company's profitability.

(xiv) **Reliance on Key Personnel**

Vonex's ability to develop and manage the growth of its businesses is dependent largely on the skills of Vonex's management team (Refer to Section 4.1 and 4.4). Changes in the management team may require appointment of new members, who have not yet been identified.

(xv) **International Expansion**

Vonex's products and services will be used in various countries. It may therefore likely be subject to multiple overseas jurisdictions. In each different jurisdiction there may be increased compliance and operating costs. If and when it becomes necessary to have a local presence in overseas markets there will be increased overheads as well as development and marketing costs. There is no guarantee such expansions will be successful and increased costs may adversely impact the profitability and working capital of Vonex.

(xvi) **Foreign Exchange Risks**

Vonex has and may have costs and expenses in other jurisdictions such as the United States of America and Europe. Vonex is potentially a global business and may generate revenue outside of Australia. Such financial transactions will likely be denominated in foreign currency, will be converted to Australian currency for reporting purposes and will therefore be affected by currency fluctuations, which may adversely impact on financial performance and position.

(xvii) **Failure to deal with growth**

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

(xviii) **Contracts**

Vonex may enter into agreements with counterparties. In such cases, there is the risk that counterparties may default on their obligations, which may in turn necessitate legal action. This could result in significant financial loss for Vonex. In some cases, the contracts that Vonex has entered into are governed in jurisdictions outside Australia. It may be more difficult to resolve disputes in such jurisdictions than it would be under Australian law. As such, Vonex cannot ensure that an appropriate legal resolution will be achieved. For example, the Company has a contract with a call centre operator based in Cebu, Philippines and the ability of the Company to resolve disputes and ensure ongoing compliance and performance under this contract is more challenging than if it were governed by Australian law.

(c) **General Risks Relating to the Company**

(i) **Trading Price of Shares**

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

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

(ii) **Additional Requirements for Capital**

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

(iii) **Litigation Risks**

The Company is exposed to possible litigation risks including intellectual property claims, contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. Neither the Company nor Vonex is currently engaged in any litigation.

(iv) **Economic Risks**

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

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

- A. general economic outlook;
- B. interest rates and inflation rates;
- C. currency fluctuations;
- D. changes in investor sentiment toward particular market sectors;

E. the demand for, and supply of, capital; and

F. terrorism or other hostilities.

(v) **Force Majeure**

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

(vi) **Acquisitions**

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

(vii) **Convertible Noteholders**

Pursuant to the Convertible Note Trust Deed dated 25 April 2016 referred to in Section 9.6(a) of this Prospectus, the Term of the Convertible Notes was extended to 30 April 2018 by a special resolution of Noteholders passed at a meeting of Noteholders on 15 December 2017. This means that if the Company is unable to list on the ASX by 30 April 2018 and Noteholders do not agree to further extend the Term, instead of the Noteholders being obliged to convert their convertible notes into shares in the Company, the Company will be obliged to repay to the Noteholders the aggregate of principal and interest due to them on 30 April 2018 which is estimated to be close to \$1.6m. In this scenario there is a risk that the Company will be unable to pay the estimated \$1.6m leaving it exposed to the Noteholders exercising the security they hold over the assets of the Company to protect their interests.

(d) **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 Company's securities.

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



# 4 DIRECTORS AND CORPORATE GOVERNANCE

## 4.1 Directors

Vonex's Board consists of the following:

### (a) Chen Chik (Nicholas) Ong

(appointed - 14 June 2016) Non-Executive Chairman  
Mr Ong was a Principal Adviser at the Australian Securities Exchange (ASX) and brings 13 years' experience in IPO, listing rules compliance and corporate governance. Nicholas is a member of the Governance Institute of Australia and holds a Bachelor of Commerce and a Master of Business Administration from the University of Western Australia. Mr Ong is fluent in English and Mandarin.

Mr Ong is a non-executive director of Bojun Agriculture Limited, Helios Energy Limited, CoAssets Limited and Arrow Minerals Limited. Mr Ong is a Company Secretary of Bojun Agriculture Limited, Traditional Therapy Clinics Limited, Beroni Group Limited and Sagalio Energy Limited.

Mr Ong has no affiliation with any substantial shareholder as described in the table in Section 2.13.

### (b) Matthew Fahey

(appointed - 14 June 2016) Managing Director & CEO  
Mr Fahey is Vonex Telecom's Chief Executive Officer and joined the Board as Managing Director. Mr Fahey joined Vonex Ltd in 2013, through the Vonex Group's acquisition of iTrinity (IP Voice & Data) where he had served as Sales Director. Mr Fahey brings with him 20 years of extensive experience in building and managing Telecommunications companies with a well-regarded reputation in the industry for channel partner programs as well as excellence in VoIP and Telco. 2014 saw amazing growth for Vonex winning the CRN fast 50 award for fastest growing IT company in Australia.

In January 2018 Mr Fahey was appointed as Chief Executive Officer and Managing Director and sees significant opportunities for the Vonex business both in Australia and internationally. Mr Fahey is focused on driving marketing, sales and the continued development of diverse products in order to accelerate business growth and expand Vonex's market share.

### (c) David Vilensky

(appointed - 14 June 2016) Non-Executive Director  
Mr Vilensky is a practising corporate lawyer and the managing director of Perth law firm Bowen Buchbinder Vilensky. He has more than 35 years' experience in the areas of corporate and business law and in commercial and corporate management. Mr Vilensky practises mainly in the areas of corporate and commercial law, corporate advisory, mergers and acquisitions, mining and resources, trade

practices and competition law and complex dispute resolution. Mr Vilensky acts for a number of listed and private companies and advises on directors' duties, due diligence, capital raisings, compliance with ASX Listing Rules, corporate governance and corporate transactions generally.

Mr Vilensky is also the Chairman of ASX listed resources company Latin Resources Ltd.

Mr Vilensky has no affiliation with any substantial shareholder as described in the table in Section 2.13.

### (d) Winnie Lai Hadad

(appointed - 1 January 2018) Non-Executive Director  
Ms Lai Hadad has expertise in change management, corporate governance and business process improvement and has been involved in listings on the Australian Securities Exchange.

Ms Lai Hadad has been involved with both investments into China and out-bound investment from China. Her past roles include implementing Coca-Cola bottling strategies into Greater China and administering the first Chinese direct investment in an iron ore mine in the Pilbara Region of Western Australia.

She has also worked for Swire Pacific Ltd, P&O Ports Limited, Paladin Resources Limited, Kerry Group Limited, Rio Tinto Iron Ore and a Perth-based subsidiary of an Asian listed entity focused on iron ore, resources and construction.

Ms Lai Hadad is a lawyer admitted to practice in Western Australia, a qualified CPA, holds a BA, BCom and MSc, and is a graduate of both the Australian Institute of Company Directors and Governance Institute of Australia.

## 4.2 Directors' holdings

On Completion of the Offer and assuming the Minimum Subscription is met, the Directors' interests in Shares of the Company will be as follows:

| Directors        | Shares     | Performance Rights <sup>1</sup> |
|------------------|------------|---------------------------------|
| Matthew Fahey    | 12,716,582 | 8,830,000                       |
| Chen Chik Ong    | 2,330,000  | 2,550,000                       |
| David Vilensky   | 2,550,000  | 2,550,000                       |
| Winnie Lai Hadad | Nil        | Nil                             |

Note:

<sup>1</sup> Refer to Section 10.8 for full details of the Performance Rights on issue.

## 4.3 Remuneration of the Directors and their related entities

Benefits paid or owing to the Directors in the previous two years prior to the date of this Prospectus, and the remuneration the Directors will be paid by the Company are as follows:

| Directors                     | Annual Director's fee | Wages, salaries and/or bonuses | Benefits paid/accrued in the previous two years |
|-------------------------------|-----------------------|--------------------------------|---|
| Matthew Fahey <sup>1</sup>    | \$286,000             | \$389,146 <sup>3</sup>         | \$50,000  |
| Chen Chik Ong <sup>2</sup>    | \$60,000              | Nil                            | \$349,785 <sup>4</sup>                          |
| David Vilensky <sup>2</sup>   | \$60,000              | Nil                            | \$207,000 <sup>5</sup>                          |
| Winnie Lai Hadad <sup>2</sup> | \$60,000              | Nil                            | Nil   |

Notes:

- In addition to the Executive Services Agreements outlined in section 4.5 below, the Company has entered into a separate letter of appointment with Director Matthew Fahey. Subject to listing on the ASX, director remuneration will be \$36,000 per annum for Mr Fahey.
- The Company has entered into non-executive letters of appointment with these Directors.
- Inclusive of \$385,385 paid as salaries and \$33,761 paid as superannuation contribution for the previous two year ended 30 June 2017.
- Includes fees accrued and payable to Minerva Corporate Pty Ltd of \$361,997.
- Includes fees paid to BBV Legal of \$117,000 and accrued directors fees payable of \$5,000.

## 4.4 Management and Consultants

### (a) Angus Parker

(appointed - 1 January 2018) Chief Technology Officer  
Mr Parker is a co-founder of Vonex. He is a futurist and innovator, with a track record in advancing technology. With 10+ years' experience in the development of VoIP products and solutions, he works with world leaders in the field to establish products for Vonex. His vision has led him to all corners of the globe, where, as innovator with voice, he leads the development world with cloud-based solutions to assist in connecting people.

At Vonex, Mr Parker has developed innovative products and software which entirely revolutionised the traditional PBX market. Simplifying a complex task allows cloud PBXs to be setup in minimal time. Developing a first, with a webphone that runs from a web browser so there is no need to install or setup individual softphones. With more than 20 major voice developments achieved including billing, call centre reporting, web based business VoIP solutions, and Anti-Toll-Fraud securities, he has maintained an understanding of customer needs, so that it is easily accessible to individuals with relatively little 'telco' experience. Mr Parker is continually working on research and development of new products.

### (b) Greg King

(appointed – 5 February 2016) Chief Financial Officer  
Mr King has over 25 years' experience in the Australian financial services sector and joined Vonex as Chief Financial Officer shortly after its inception. Mr King has a strong commitment to corporate governance practices and standards and has developed effective systems and internal controls to ensure all due diligence is met and managed efficiently. He is a key member of the executive leadership team and has created a culture of excellent corporate governance that contributes to the Company's performance and shareholder value.

### (c) Dallas Thomas – General Manager

Mr Thomas has over 20 years' experience in the Australian Telecommunications industry. Starting in sales when the market first deregulated, then soon moving into administrative and management roles with various Brisbane based telcos. Billing management became the primary skill with now some 15 years' experience in what is still the most fundamental aspect of a Telco company.

### (d) Matthew Foy

(appointed – 14 June 2016) Company Secretary  
Matthew was previously a Senior Adviser at the ASX and has ten years' experience in facilitating the listing and compliance of companies on the ASX. Matthew's knowledge of ASIC and ASX reporting, document drafting experience and attention to detail ensure a solid base to make a valued contribution to Boards. Matthew is an active member of the WA State Governance Council of the Governance Institute of Australia and was previously a member of WA Regional Council of the Financial Institute of Australasia (FINSIA).

### (e) Daniel Smith

(appointed – 14 June 2016) Company Secretary  
Dan holds a Bachelor of Arts, is a member of the Australian Institute of Company Directors and the Governance Institute of Australia, and has a strong background in finance having previously worked in the broking industry. Dan has ten years' primary and secondary capital markets expertise, and has advised on and been involved in a number of IPOs, RTOs and capital raisings on the ASX and NSX. Dan's focus is on commercial due diligence and transaction structuring as well as ongoing investor and stakeholder engagement.

#### 4.5 Contracts with directors and management

##### (a) Executive Service Agreement – Matthew Fahey

The Company has entered into an executive services agreement with Director, Matthew Fahey, to act as Managing Director and Chief Executive Officer of the Company, on the following terms and conditions:

- (i) **Salary:** the Company shall pay Mr Fahey a salary of \$250,000 per annum (plus superannuation) to take effect from listing on the ASX, which will be reviewed annually by the Company. Mr Fahey is also entitled to director fee of \$36,000 per annum.
- (ii) **Term:** commences on Settlement and will continue until validly terminated in accordance with its terms.
- (iii) **Termination by Mr Fahey:** Mr Fahey may terminate by giving 6 months' notice to the Company.
- (iv) **Termination by the Company:** the Company may terminate the executive services agreement:
  - (a) without cause, by giving six months' written notice to the executive;
  - (b) with cause, by giving one month's written notice or summarily without notice if at any time the executive commits any serious breach of the executive service agreement or is convicted of any major criminal offence.
- (v) **Restraint of Trade:** upon termination of the executive services agreement, the executive will be subject to a restraint of trade period for up to 6 months.

##### (b) Letter of Appointment as

###### Non-Executive Director and Chairman – Chen Chik Ong

On 29 December 2017, the Company entered into a letter of appointment with Mr Ong for his appointment as Non-Executive Director and Chairman. The appointment is subject to, inter alia, the Corporations Act, the Constitution of the Company and the charters and corporate governance policies of the Company as approved from time to time. Under the appointment Mr Ong is entitled to annual director fees of \$60,000 plus superannuation to take effect from 1 January 2018.

###### (c) Letter of Appointment as Non-Executive Director – David Vilensky

On 29 December 2017 the Company entered into a letter of appointment with Mr Vilensky for his appointment as Non-Executive Director. The appointment is subject to, inter alia, the Corporations Act, the Constitution of the Company and the charters and corporate governance policies of the Company as approved from time to time. Under the appointment Mr Vilensky is entitled to annual director fees of \$60,000 (excl. GST) to take effect from 1 January 2018.

###### (d) Letter of Appointment as Non-Executive Director – Winnie Lai Hadad

On 29 December 2017 the Company entered into a letter of appointment with Ms Winnie Lai Hadad for her appointment as Non-Executive Director. The appointment is subject to, inter alia, the Corporations Act, the Constitution of the Company and the charters and corporate governance policies of the Company as approved from time to time. Under the appointment Ms Lai Hadad is entitled to annual director fees of \$60,000 (excl. GST) to take effect from 1 January 2018.

##### (e) Deed of Confirmation of Assignment of Intellectual Property (Oper8tor)

On 1 July 2017, Vonex, Angus Parker (Mr Parker) and Matthew Fahey (Mr Fahey), entered into a Deed of Confirmation of Assignment (**Deed**) pursuant to which Mr Parker and Mr Fahey (Assignors), as the named inventors on the international patent application in respect of the Intellectual Property relating to the system and method for establishing communications over a plurality of communications platforms known as Oper8tor (**Intellectual Property**) confirmed the transfer and assignment to Vonex, as Assignee, for valuable consideration of their entire, right, title and interest in and to the Intellectual Property.

The Intellectual Property conferred upon Vonex and unequivocally confirmed pursuant to the Deed includes the legal and beneficial ownership of the Patent Applications themselves as well as the unequivocal and indefeasible right of Vonex to develop, commercialise and exploit and the right to sell, transfer or assign the Intellectual Property.

Under the Deed, the Assignors have also agreed to provide all assistance reasonably required by Vonex for the purposes of doing such things as may be reasonably necessary to transfer ownership of the Intellectual Property and obtaining and securing the patents in all countries of the world.

##### (f) Compliance Manager Mandate

On 15 January 2018, the Company entered into a compliance manager mandate with Minerva Corporate Pty Ltd (**Minerva**) of which, Nicholas Ong, a director of the Company, is a director and shareholder. Under the mandate, Minerva is required to oversee various items in relation to the Group's proposed listing on ASX. Additionally, Minerva will assist Vonex Limited in fulfilling its obligations under the Listing Rules, including its continuous disclosure requirements.

In consideration of Minerva providing the compliance manager services, Minerva will receive a compliance manager fee of \$30,000 (excl. GST) (based on a 3-month compliance manager engagement).

##### (g) Services Agreement with Minerva

On 3 August 2017, the Company entered into a Services Agreement with Minerva, pursuant to which, Minerva will provide accounting, company secretary and investor relations services to the Company for a monthly retainer of \$12,500 (excl. GST) for an initial period of 12 months from listing on ASX. Minerva will also be reimbursed for reasonable expenses incurred in connection with the discharge of its obligations under the agreement.

##### (h) Bowen Buchbinder Vilensky - Legal Services

On or about February 6 2018, the Company entered into a Legal Adviser mandate with Bowen Buchbinder Vilensky Lawyers (**BBV**) of which, David Vilensky, a director of the Company, is a director and shareholder. Pursuant to the mandate BBV will act as solicitor and legal adviser to the Company's ASX listing. In consideration for these services, BBV will receive a fixed fee of \$45,000 (excl. GST).

#### 4.6 No other Directors Interests

Other than as set out above or elsewhere in this Prospectus, no Director or proposed Director holds at the date of this Prospectus, or held at any time during the last 2 years before the date of lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- (c) the Offer; and no amounts have been paid or agreed to be paid by any person and no benefits have been given or agreed to be given by any person;
- (d) to a Director or proposed Director to induce him or her to become, or to qualify as, a Director; or
- (e) for services provided by a Director or proposed Director in connection with the formation or promotion of the Company or the Offer.

#### 4.7 CORPORATE GOVERNANCE STATEMENT

The Board is committed to achieving and demonstrating the highest standards of corporate governance appropriate for its circumstances, size and operations.

The Board will adopt, review and continually develop policies and procedures to:

- (a) ensure that it acts with due care and diligence and in the interests of shareholders;
- (b) adequately identify and deal with conflicts of interest at Board, management and employee levels;
- (c) protect shareholder interests, including: access to information, voting rights, share of profits, equitable treatment; and
- (d) protect the interests of stakeholders including: employees, creditors, and the wider community.

With reference to the *ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition)*, the Board has adopted what it considers to be appropriate corporate governance policies and practices having regard to its size and nature of activities. The Company's main corporate governance policies are set out below and are available on the Company's website at <https://www.vonex.com.au/>:

- (a) Board Charter;
- (b) Code of Conduct;
- (c) Continuous Disclosure Policy;
- (d) Securities Trading Policy; and
- (e) Corporate Governance Statement.

#### PRINCIPLE 1 LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

##### Board and Management functions - Recommendation 1.1

The roles and responsibilities of the Board and management are set out in the Board Charter, available on the Company's website. The Board is responsible for the corporate governance of the Company and operates in accordance with the principles set out in the Board Charter.

The Board Charter also provides for the Company's statement of delegated authority to set out the Company's policy relevant to the delegation of authority to management to conduct the day to day management of the Company.

The Company recognises that the roles and functions of the Board must necessarily be flexible to deliver the Company's objectives.

##### Electing or re-electing a director - Recommendation 1.2

The process of appointment and re-election is set out in the Board Charter.

The Company will undertake appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a director.

The Board will provide shareholders with all material information in the possession of the Company to enable shareholders to make an informed decision on the appointment and re-election of directors.

##### Director and senior executive agreements - Recommendation 1.3

The Company has a written agreement with each Director and Senior Executive setting out the terms of their appointment.

##### Company secretary - Recommendation 1.4

The Company Secretary is appointed and removed by the Board and reports to, and is directly accountable to, the Board, through the Chair, or if a Chair is not appointed, the Managing Director, on all matters to do with the proper functioning of the Board.

##### Diversity Policy - Recommendation 1.5

The Company does not currently have a diversity policy but is committed to developing a business model that values and achieves diversity on its workforce and on its Board. The Company intends to develop a diversity policy which will be announced to ASX as due course and will be made available on the Company's website. Management will monitor and report to the Board on the Company's progress on the development of its diversity policy.

##### Performance Evaluation – Recommendations 1.6 and 1.7

The Board is responsible for the evaluation and review of the performance of the Board and its committees (if any) and senior executives.

The Chair, or if a Chair is not appointed, the Managing Director, is primarily responsible for the evaluation and review of the performance of individual non-executive directors. The Chair, or if a Chair is not appointed, the Managing Director, should disclose the process for evaluating the performance of those directors.

The Board (other than the Chair, or if a Chair is not appointed, the Managing Director) is responsible for the evaluation and review of the performance of the Chair, or if a Chair is not appointed, the Managing Director, and review of the effectiveness and programme of Board meetings.

The process of the performance evaluation of the Board, its committees (if any), directors and senior executives, generally involves an internal review. From time to time as the Company's needs and circumstances require, the Board may commission an external review of the Board, and its composition.



## **PRINCIPLE 2 STRUCTURE THE BOARD TO ADD VALUE**

### **Nomination Committee and Board skills matrix - Recommendations 2.1 and 2.2**

The Company believes it is not of a size to justify a Nomination Committee. If vacancies arise on the Board, all directors are involved in search and recruitment. The Board seeks to achieve a balance of entrepreneurial, capital markets, technical, operational, commercial and financial skills from the resources industry and broader business backgrounds. The Board will establish a skills matrix setting out the mix of skills and diversity that the Board currently has or is seeking to acquire.

### **Independence of directors - Recommendations 2.3, 2.4 and 2.5**

The Board comprises one executive director (Mr Fahey) and three non-executive directors (Mr Ong, Mr Vilensky and Ms Lai Hadad). Mr Fahey is not considered to be independent director in terms of the ASX Corporate Governance Council's discussion of independent status. Despite this relationship, the Board believes that Mr Fahey is able, and will make quality and independent judgements in the best interests of the Company on all relevant issues before the Board. Non-executive directors, Mr Ong, Mr Vilensky and Ms Lai Hadad are considered to be independent directors in terms of the ASX Corporate Governance Council's discussion of independent status.

The role of Chair is filled by a non-executive director, Mr Ong, and the roles of Chair and Managing Director will be exercised by different individuals.

Directors are entitled to seek independent professional advice at the Company's expense in the furtherance of their duties.

Under the Company's Constitution, no director except the Managing Director may hold office for a period in excess of three years or beyond the third annual general meeting following the director's election without being submitted for re-election. At every annual general meeting one third of the Directors or the number nearest to but not exceeding one third must retire from office and are eligible for re-election.

### **Director induction and development - Recommendation 2.6**

Induction, training and continuing education arrangements are the subject of the terms and conditions of the appointment of members to the Board. The requirement for the Board to implement an appropriate induction and education process for new Board appointees and senior executives is set out in the Board Charter on the Company's website. The process is designed to enable Board appointees and senior executives to gain a better understanding of the Company's financial, strategic, and operational and risk management position; the rights, duties and responsibilities of the directors; the roles and responsibilities of senior executives; and the role of Board committees (if any).

## **PRINCIPLE 3 ACT ETHICALLY AND RESPONSIBLY**

### **Code of conduct – Recommendation 3.1**

The Board has adopted a formal Code of Conduct to promote lawful, ethical and responsible decision-making by directors, management and employees. The Code promotes compliance with laws and regulation and avoidance of conflicts of interest, embraces the values of honesty, integrity, enterprise, excellence, accountability, justice, independence and equality of stakeholder opportunity. The Code of Conduct is available on the Company's website.

### **Policy for trading in Company's securities**

The Board has adopted a policy on trading in the Company's securities by directors, senior executives and employees which raises awareness of the law in relation to insider trading, specifies blackout periods and provides notification protocols. The trading policy is located on the Company's website.

## **PRINCIPLE 4 SAFEGUARD INTEGRITY IN CORPORATE REPORTING**

### **Audit Committee - Recommendation 4.1**

The Company does not currently have an Audit Committee. The Board considers that the formation of an Audit Committee is not warranted at this time given the stage of the Company's development.

The Board will at some time consider forming an Audit Committee if the size of the Board increases and efficiencies may be derived from a formal committee structure.

### **Financial Statements - Recommendation 4.2**

The Board as a whole acts as the Audit Committee and performs the functions thereof including making sure that the financial records of the Company have been properly maintained and that the Company's financial statements comply with accounting standards and present a true and fair view of the Company's financial condition and operational results. These financial statements are required annually.

### **Auditor attendance at AGM – Recommendation 4.3**

The opportunity for shareholders to question a listed entity's external auditor at the AGM is an important safeguard for the integrity of the corporate reporting process. The Company's external auditor will attend each annual general meeting to answer questions from shareholders about the conduct of the audit and the preparation and content of the auditor's report.

## **PRINCIPLE 5 MAKE TIMELY AND BALANCED DISCLOSURE**

### **Continuous Disclosure Policy – Recommendation 5.1**

The Board places a strong emphasis on full and appropriate disclosure and has adopted a Continuous Disclosure Policy to ensure timely and accurate disclosure of price-sensitive information to shareholders through the lodgement of announcements with ASX. Clear procedures govern the preparation, review and approval of all announcements. The Company's Continuous Disclosure Policy is available on its website.

## **PRINCIPLE 6 RESPECT THE RIGHTS OF SECURITY HOLDERS**

### **Communications Policy – Recommendation 6.1**

The Company is committed to open and accessible communication with its shareholders, employees, customers and other stakeholders.

The Company will publish all relevant announcements on its website after ASX has acknowledged that the announcements have been released. The Continuous Disclosure Policy can be found on the Company's website. Subject to ASX disclosure rules, the Company communicates regularly with shareholders, brokers and analysts and publishes the information provided on its website.

### **Investor relations – Recommendations 6.2, 6.3 and 6.4**

The Board is responsible for the communication strategy to promote effective communications with investors and to encourage effective participation at general meetings. The Company adheres to best practice in its preparation of Notices of Meetings and through its share registry offers to members the option of receiving shareholder communications electronically.

## **PRINCIPLE 7 RECOGNISE AND MANAGE RISK**

### **Risk Management – Recommendations 7.1, 7.2, 7.3 and 7.4**

The Board is committed to ensuring that the risks associated with the Company's business activities are properly identified, monitored and managed and to embedding in its management and reporting systems a number of risk management controls. Operational management regularly reviews the risks and controls and updates the Board in light of changing circumstances and emergent risk factors and weightings.

The Board considers that the Company is not of a size sufficient to warrant the establishment of an internal audit function or a risk management committee. The Company does however employ appropriate processes for continually improving the effectiveness of risk management and internal control processes.

The Chief Executive Officer is required to provide a declaration in writing to the Board as to whether the declaration in accordance with section 295A of the Corporations Act is founded on a sound system of internal control and that the system is operating effectively in all material respects in relation to financial risks.

Aside from the risks outlined in section 3 of this Prospectus, the Company does not have material exposure to other economic, environmental or social sustainability risks.

## **PRINCIPLE 8 REMUNERATE FAIRLY AND RESPONSIBLY**

### **Remuneration Committee – Recommendations 8.1, 8.2 and 8.3**

The Directors consider the current size of the Board does not warrant the establishment of a separate Remuneration Committee. However, the Board will at some time consider forming a Remuneration Committee if the size of the Board increases and efficiencies may be derived from a formal committee structure. Nonetheless the Board is committed to ensuring that the principles of fair and responsible remuneration govern its operations.

There are no schemes for retirement benefits, other than superannuation, for non-executive directors.

Further information on the Company's corporate governance policies and practices can be found on the Company's website at <https://www.vonex.com.au/>



## 5 FINANCIAL INFORMATION

### 5.1 Introduction

This section summarises the Company's selected financial information from the audited financial statements for the two and a half years ended 31 December 2017 as well as the pro forma financial information.

The audited financial information has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act.

The information set out in this section and the pro forma financial information should be read together with:

- (a) the risk factors described in section 3;
- (b) the Investigating Accountant's Report on the Historical and Pro Forma Financial Information set out in section 6; and
- (c) the other information contained in this Prospectus.

### 5.2 Audited Financial Statements

The historical financial information has been extracted from the Company's audited financial reports for the financial years ended 30 June 2016 and 30 June 2017, and the audit review interim financial reports for the six month period ended 31 December 2017 which was reviewed by RSM Australia Partners, in accordance with Australian Auditing Standards applicable to review engagements.

### 5.3 Historical and pro forma consolidated statement of comprehensive income

The historical statement of comprehensive income has been extracted from the audited financial statements of the Company for the financial years 30 June 2016 and 30 June 2017, and the audit review interim financial report for the period ended 31 December 2017.

### 5.4 Historical and pro forma consolidated statement of cash flows

The historical statement of cash flows has been extracted from the audited financial statements of the Company for the financial years ended 30 June 2016 and 30 June 2017, and the audit review interim financial report for the period ended 31 December 2017.

### 5.5 Historical and pro forma consolidated statement of financial position

The historical statement of financial position has been extracted from the audit review interim financial report for the period ended 31 December 2017.

The pro forma consolidated statement of financial position as at 31 December 2017 reflects the significant events and proposed transactions as set out in the Investigating Accountant's Report, as if they had occurred as at 31 December 2017.

### 5.6 Pro forma consolidated share capital

The pro forma reflects the Company's share capital and number of Shares issued as at 31 December 2017, reflects the significant events and proposed transactions as set out in the Investigating Accountant's Report.

If the Company is successful in raising \$7,000,000 under this Prospectus, the Company's share capital will, inter alia, increase by 35,000,000 fully paid ordinary shares.

### 5.7 No prospective financial forecasts

The Directors have considered the matters outlined in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings because the variable and uncertain nature of the Company's revenue. Accordingly, any forecast or projected financial 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.

Notwithstanding the above, this Prospectus includes, or may include, forward looking statements including, without limitation, forward looking statements regarding the Company's financial position, business strategy, and plans and objectives for its business and future operations (including development plans and objectives), which have been based on the Company's current expectations. These forward-looking statements are, however, subject to known and unknown risks, uncertainties and assumptions that could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward looking statements are based on numerous assumptions regarding the Company's present and future business strategies and environment in which the Company will operate in the future.

Matters not yet known to the Company or not currently considered material to the Company may impact on these forward looking statements. These statements reflect views held only as at the date of this Prospectus. In light of these risks, uncertainties and assumptions, the forward-looking statements in this Prospectus might not occur. Investors are therefore cautioned not to place undue reliance on these statements.

## 6 INVESTIGATING ACCOUNTANT'S REPORT



**RSM Corporate Australia Pty Ltd**

Level 32, Exchange Tower,  
2 The Esplanade Perth WA 6000

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F +61 (0) 8 9261 9199

www.rsm.com.au

13 March 2018

The Directors  
Vonex Limited  
Suite 5, 1 Centro Avenue  
Subiaco WA 6008

Dear Directors

## INDEPENDENT ASSURANCE REPORT

### Independent Limited Assurance Report (“Report”) on Vonex Limited Historical and Pro Forma Historical Financial Information

#### Introduction

We have been engaged by Vonex Limited (“Vonex” or the “Company”) to report on the historical financial and pro forma financial information of the Company for the half-years ended 31 December 2017 and 31 December 2016 and the years ended 30 June 2017 and 30 June 2016 for inclusion in a prospectus (“Prospectus”) of Vonex dated on or about 13 March 2018 in connection with Vonex’s public offering and listing on the Australian Securities Exchange (“ASX”), pursuant to which the Company is offering up to 35,000,000 ordinary Vonex shares at an issue price of \$0.20 per share to raise up to \$7 million, with a Minimum Subscription of 30,000,000 shares to raise \$6 million, before costs (“Public Offer”), including a priority offer of up to 5,000,000 Shares to Existing Vonex Shareholders (“Priority Offer”).

Expressions and terms defined in the Prospectus have the same meaning in this Report.

The future prospects of the Company, other than the preparation of Pro Forma Historical Financial Information, assuming completion of the transactions summarised in Note 1 of the Appendix of this Report, are not addressed in this Report. This Report also does not address the rights attaching to the shares to be issued pursuant to this Prospectus, nor the risks associated with an investment in shares in the Company.

#### Background

Vonex was founded in 2009 and is a Perth-based technology company focused on the development of new technologies in the communications industry. The Company has developed technologies in communications including a cloud-based private branch exchange (“PBX”) platform and associated services to business customers.

THE POWER OF BEING UNDERSTOOD  
AUDIT | TAX | CONSULTING

RSM Corporate Australia Pty Ltd is beneficially owned by the Directors of RSM Australia Pty Ltd. RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 Australian Financial Services Licence No. 255847

#### Scope

##### Historical financial information

You have requested RSM Corporate Australia Pty Ltd (“RSM”) to review the historical financial information of the Company included in the Prospectus at the Appendix to this Report, and comprising:

- The statement of comprehensive income and statement of cash flows of the Company for the half-years ended 31 December 2016 and 31 December 2017 and the years ended 30 June 2016 and 30 June 2017; and
- The statement of financial position of the Company as at 31 December 2017.

(together the “Historical Financial Information”).

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles of the Australian Accounting Standards and the Company’s adopted accounting policies.

The Historical Financial Information represents that of the Company and has been extracted from:

- the financial statements of the Company for the half-years ended 31 December 2016 and 31 December 2017, which were reviewed by RSM Australia Partners in accordance with Australian Auditing Standards and the *Corporations Act 2001*. The review report issued for the half year ended 31 December 2017 included an emphasis of matter citing significant doubt over the Company’s ability to continue as a going concern. The review conclusion was not modified in respect of this matter; and
- the financial statements of the Company for the years ended 30 June 2016 and 30 June 2017, which were audited by RSM Australia Partners in accordance with Australian Auditing Standards and the *Corporations Act 2001*. The audit report for the year ended 30 June 2017 included an emphasis of matter citing significant doubt over the Company’s ability to continue as a going concern. The audit opinion was not modified in respect of this matter.

The Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

##### Pro forma historical financial information

You have requested RSM to review the pro forma historical statement of financial position as at 31 December 2017, referred to as “the Pro Forma Historical Financial Information”.

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information of the Company after adjusting for the effects of the pro forma adjustments described in Note 1 of the Appendix to this Report. The stated basis of preparation is the recognition and measurement principles contained in the Australian Accounting Standards applied to the Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in Note 1 of the Appendix to this Report, as if those events or transactions had occurred as at the date of the Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company’s actual or prospective financial position or statement of financial performance.

##### Directors’ responsibility

The Directors of the Company are responsible for the preparation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

## Our responsibility

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information and Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. Our procedures included:

- A consistency check of the application of the stated basis of preparation, to the Historical and Pro Forma Historical Financial Information;
- A review of the Company's and its auditors' work papers, accounting records and other documents;
- Enquiry of directors, management personnel and advisors;
- Consideration of subsequent events and pro forma adjustments described in Note 1 of the Appendix to this Report; and
- Performance of analytical procedures applied to the Pro Forma Historical Financial Information.

A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusions

### Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in the Appendix to this Report, and comprising:

- The statement of comprehensive income and statement of cash flows of the Company for the half-years ended 31 December 2016 and 31 December 2017 and the years ended 30 June 2016 and 30 June 2017; and
- The statement of financial position of the Company as at 31 December 2017.

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Note 2 of the Appendix to this Report.

### Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as described in the Appendix to this Report, and comprising the pro forma statement of financial position of the Company as at 31 December 2017 is not presented fairly in all material respects, in accordance with the stated basis of preparation, as described in Note 2 of the Appendix of this Report.

## Restriction on Use

Without modifying our conclusions, we draw attention to the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

## Responsibility

RSM has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included. RSM has not authorised the issue of the Prospectus. Accordingly, RSM makes no representation regarding, and takes no responsibility for, any other documents or material in, or omissions from, the Prospectus.

## Disclosure of Interest

RSM does not have any pecuniary interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. RSM will receive a professional fee for the preparation of this Report.

Yours faithfully



J D AUDCENT

Director



**VONEX LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF YEARS ENDED 31 DECEMBER 2016 AND 31 DECEMBER 2017**  
**AND THE YEARS ENDED 30 JUNE 2016 AND 30 JUNE 2017**

|  | Half-year<br>ended<br>31-Dec-17<br>Reviewed<br>\$ | Half-year<br>ended<br>31-Dec-16<br>Reviewed<br>\$ | Year ended<br>30-Jun-17<br>Audited<br>\$ | Year ended<br>30-Jun-16<br>Audited<br>\$ |
|--|---|---|--|--|
| Sales revenue  | 3,926,604   | 3,329,781   | 7,019,641                                | 5,467,162                                |
| Cost of sales  | (2,490,600)                                       | (2,298,020)                                       | (4,702,643)                              | (3,562,309)                              |
| <b>Gross profit</b>  | <b>1,436,004</b>                                  | <b>1,031,761</b>                                  | <b>2,316,998</b>                         | <b>1,904,853</b>                         |
| Other revenues   | 106,845   | 41,156  | 533,587                                  | 547,630                                  |
| Administration expenses                                      | (309,288)   | (185,557)   | (378,792)                                | (444,168)                                |
| Amortisation   | (37,801)  | (37,563)  | (75,336)                                 | (73,716)                                 |
| Audit fees   | (52,000)  | (32,200)  | (144,176)                                | (44,295)                                 |
| Bad and doubtful debts expenses                              | (17,981)  | (10,061)  | (16,446)                                 | (12,475)                                 |
| Contractor expenses  | (158,719)   | (255,260)   | (492,451)                                | (541,248)                                |
| Depreciation expenses  | (18,396)  | (40,192)  | (68,716)                                 | (70,316)                                 |
| Directors fees   | (103,286)   | (91,613)  | (202,046)                                | (79,309)                                 |
| Finance costs  | (275,501)   | (82,408)  | (198,642)                                | (432,995)                                |
| Impairment   | -   | (242,551)   | -  | -  |
| Insurance expense  | (19,032)  | (20,886)  | (45,869)                                 | (32,236)                                 |
| Legal fees   | (29,455)  | (25,342)  | (79,014)                                 | (156,663)                                |
| Loss on disposal of equipment                                | -   | -   | -  | (87,319)                                 |
| Loss on disposal of subsidiaries                             | -   | -   | (204,955)                                | -  |
| Occupancy expenses   | (135,544)   | (118,806)   | (221,633)                                | (129,601)                                |
| Repairs and maintenance                                      | -   | -   | (173)                                    | -  |
| Share based payment expense                                  | (1,298,241)                                       | (6,991,066)                                       | (8,663,344)                              | (10,915,379)                             |
| Travel expenses  | (94,460)  | (56,379)  | (125,930)                                | (111,417)                                |
| Employee expenses  | (764,490)   | (853,275)   | (1,670,881)                              | (1,731,787)                              |
| <b>Loss before income tax</b>                                | <b>(1,771,345)</b>                                | <b>(7,970,242)</b>                                | <b>(9,737,819)</b>                       | <b>(12,410,441)</b>                      |
| Income tax expense   | -   | -   | -  | -  |
| <b>Net loss for the year</b>                                 | <b>(1,771,345)</b>                                | <b>(7,970,242)</b>                                | <b>(9,737,819)</b>                       | <b>(12,410,441)</b>                      |
| <b>Other comprehensive income / (loss)</b>                   |   |   |  |  |
| Other comprehensive income / (loss) for the year, net of tax | -   | -   | -  | -  |
| <b>Total comprehensive loss for the period</b>               | <b>(1,771,345)</b>                                | <b>(7,970,242)</b>                                | <b>(9,737,819)</b>                       | <b>(12,410,441)</b>                      |

Investors should note that past results are not a guarantee of future performance.

**VONEX LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEARS ENDED 31 DECEMBER 2016 AND 31 DECEMBER 2017**  
**AND THE YEARS ENDED 30 JUNE 2016 AND 30 JUNE 2017**

|  | Half-year<br>ended<br>31-Dec-17<br>Reviewed<br>\$ | Half-year<br>ended<br>31-Dec-16<br>Reviewed<br>\$ | Year ended<br>30-Jun-17<br>Audited<br>\$ | Year ended<br>30-Jun-16<br>Audited<br>\$ |
|--|---|---|--|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                      |   |   |  |  |
| Receipts from customers  | 4,075,814   | 3,300,771   | 6,855,047                                | 5,450,972                                |
| Payments to suppliers and employees                              | (4,097,724)                                       | (3,817,621)                                       | (7,595,478)                              | (6,059,731)                              |
| Research and development tax offset                              | (58,600)  | (6,272)   | 355,296                                  | 249,489                                  |
| Interest paid  | 2,025   | 1,854   | (43,560)                                 | (119,033)                                |
| Interest received  | -   | -   | 1,836                                    | 10,671                                   |
| <b>Net cash used in operating activities</b>                     | <b>(78,485)</b>                                   | <b>(521,268)</b>                                  | <b>(426,859)</b>                         | <b>(467,632)</b>                         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                      |   |   |  |  |
| Acquisition of subsidiary  | -   | -   | -  | (655,256)                                |
| Receipts from disposal of fixed assets                           | -   | -   | -  | 16,713                                   |
| Receipt of capital grants  | -   | 145,214   | 145,214                                  | -  |
| Proceeds from disposal of subsidiary                             | -   | -   | 100                                      | -  |
| Payments for fixed assets  | (669)   | (177,486)   | (172,795)                                | (123,103)                                |
| Payment for research and development (intangibles)               | (3,200)   | -   | (2,165)                                  | (15,548)                                 |
| <b>Net cash provided by investing activities</b>                 | <b>(3,869)</b>                                    | <b>(32,272)</b>                                   | <b>(29,646)</b>                          | <b>(777,194)</b>                         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                      |   |   |  |  |
| Net proceeds from borrowings                                     | 446,760   | 244,336   | 279,589                                  | 1,728,465                                |
| Capital raising costs  | -   | -   | (20,000)                                 | -  |
| Payments for share buyback                                       | -   | -   | -  | (80,000)                                 |
| <b>Net cash received by financing activities</b>                 | <b>446,760</b>                                    | <b>244,336</b>                                    | <b>259,589</b>                           | <b>1,648,465</b>                         |
| <b>Net increase (decrease) in cash and cash equivalents</b>      | <b>364,406</b>                                    | <b>(309,204)</b>                                  | <b>(196,916)</b>                         | <b>403,639</b>                           |
| Cash and cash equivalents at the beginning of the financial year | 384,624   | 581,540   | 581,540                                  | 177,901                                  |
| <b>Cash and cash equivalents at end of the financial year</b>    | <b>749,030</b>                                    | <b>272,336</b>                                    | <b>384,624</b>                           | <b>581,540</b>                           |

Investors should note that past results are not a guarantee of future performance.

**VONEX LIMITED**  
**CONSOLIDATED HISTORICAL AND PRO FORMA STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

|                                      | Note | Vonex<br>Reviewed<br>31-Dec-17<br>\$ | Pro forma<br>adjustments<br>Unaudited<br>31-Dec-17<br>\$ | Pro forma<br>Unaudited<br>31-Dec-17<br>\$ |
|--------------------------------------|------|--------------------------------------|--|---|
| <b>Assets</b>                        |      |                                      |  |   |
| <b>Current assets</b>                |      |                                      |  |   |
| Cash and cash equivalents            | 3    | 749,030                              | 5,096,400  | 5,845,430                                 |
| Trade and other receivables          |      | 699,860                              | -  | 699,860                                   |
| Other current assets                 |      | 120,702                              | -  | 120,702                                   |
| <b>Total current assets</b>          |      | <u>1,569,592</u>                     | <u>5,096,400</u>   | <u>6,665,992</u>                          |
| <b>Non-current assets</b>            |      |                                      |  |   |
| Intangible assets                    |      | 1,012,196                            | -  | 1,012,196                                 |
| Plant and equipment                  |      | 140,467                              | -  | 140,467                                   |
| Other non-current assets             |      | 43,060                               | -  | 43,060                                    |
| <b>Total non-current assets</b>      |      | <u>1,195,723</u>                     | <u>-</u>   | <u>1,195,723</u>                          |
| <b>Total assets</b>                  |      | <u>2,765,315</u>                     | <u>5,096,400</u>   | <u>7,861,715</u>                          |
| <b>Liabilities</b>                   |      |                                      |  |   |
| <b>Current liabilities</b>           |      |                                      |  |   |
| Trade and other payables             | 4    | 2,270,502                            | (1,143,678)  | 1,126,824                                 |
| Provisions                           |      | 341,000                              | -  | 341,000                                   |
| Borrowings                           | 5    | 2,662,091                            | (2,654,893)  | 7,198                                     |
| <b>Total current liabilities</b>     |      | <u>5,273,593</u>                     | <u>(3,798,571)</u>                                       | <u>1,475,022</u>                          |
| <b>Non-current liabilities</b>       |      |                                      |  |   |
| Provisions                           |      | 101,332                              | -  | 101,332                                   |
| Borrowings                           |      | 8,668                                | -  | 8,668                                     |
| <b>Total non-current liabilities</b> |      | <u>110,000</u>                       | <u>-</u>   | <u>110,000</u>                            |
| <b>Total liabilities</b>             |      | <u>5,383,593</u>                     | <u>(3,798,571)</u>                                       | <u>1,585,022</u>                          |
| <b>Net assets</b>                    |      | <u>(2,618,278)</u>                   | <u>8,894,971</u>   | <u>6,276,693</u>                          |
| <b>Equity</b>                        |      |                                      |  |   |
| Issued capital                       | 6    | 23,326,770                           | 6,780,109  | 30,106,879                                |
| Reserves                             | 7    | 3,629,699                            | 6,569,157  | 9,926,711                                 |
| Accumulated losses                   | 8    | (29,574,747)                         | (4,454,295)  | (33,756,897)                              |
| <b>Total equity</b>                  |      | <u>(2,618,278)</u>                   | <u>8,894,971</u>   | <u>6,276,693</u>                          |

The unaudited pro forma statement of financial position represents the audited statement of financial position of the Company as at 31 December 2017 adjusted for the pro forma transactions outlined in Note 1 of this Appendix. It should be read in conjunction with the notes to the historical and pro forma financial information.

## 1. Introduction

The financial information set out in this Appendix consists of the Historical Financial Information together with the Pro Forma Historical Financial Information.

The Pro Forma Historical Financial Information has been compiled by adjusting the statement of financial position of the Company and reflecting the Directors' pro forma adjustments, for the impact of the following events and transactions.

### Adjustments adopted in compiling the Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information has been prepared by adjusting the Historical Financial Information to reflect the financial effects of the following subsequent events which have occurred in the period between 31 December 2017 and the date of this Report:

- (i) On 29 January 2018, the Company completed a share consolidation at a rate of 1 share for every 2 shares held, including all Performance Shares, Performance Rights and Options on issue ("Second Share Consolidation");

the following pro forma transactions which are yet to occur, but are proposed to occur immediately before or following completion of the Public Offer:

- (ii) The issue of 35,000,000 fully paid ordinary shares in the Company at \$0.20 each to raise \$7,000,000 before costs pursuant to the maximum Public Offer;
- (iii) The payment of cash costs related to the maximum Public Offer estimated to be \$708,600;
- (iv) Conversion of the Secured Convertible Notes to the value of \$2,355,157 (including accumulated interest of \$184,022 to 30 April 2018), into 14,719,731 Shares (at a 20% discount to the Public Offer price) in the Company and the issue of 14,719,731 free attaching unlisted Options;
- (v) Conversion of the Octavus Convertible Loan to the value of \$449,161 (including accumulated interest of \$16,725 to 30 April 2018) into 2,807,258 Shares (being a 20% discount to the Public Offer price) in the Company upon successful completion of the Public Offer;
- (vi) Conversion of 7,260,000 Management Performance Rights, 178,000 Vodia Performance Rights and 26,666,622 Performance Shares on a post-Second Share Consolidation basis to fully paid ordinary shares in the Company upon successful listing on the ASX;
- (vii) The repayment of existing liabilities of the Company of \$1,195,000 from funds raised under the Public Offer;
- (viii) The issue of approximately 17,000,000 options under the Broker Mandate under the maximum Public Offer, each exercisable at \$0.30 on or before 5 years from the date the Company is admitted to the ASX ("Broker Options"); and
- (ix) The issue of 8,750,000 free attaching options to subscribers under the maximum Public Offer, each exercisable at \$0.20 on or before 2 years from the date the Company is admitted to the ASX ("Attaching Options").

The Pro Forma Historical Financial Information has been presented in abbreviated form and does not contain all the disclosures usually provided in an Annual Report prepared in accordance with the *Corporations Act 2001*.

## 2. Statement of significant accounting policies

### (a) Basis of preparation

The Historical Financial Information has been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards ("AAS"), adopted by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*.

The Pro Forma Historical Financial Information presented in the Prospectus has been compiled by adjusting the statement of financial position of the Company and reflecting the Directors' pro forma adjustments.

The significant accounting policies that have been adopted in the preparation and presentation of the Historical Financial Information and the Pro forma Historical Financial Information are:

### (b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments classified at *fair value through profit or loss*, which are measured at fair value.

### (c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

### (d) Principles of consolidation

The historical and pro forma financial information incorporates the assets, liabilities and result of entities controlled by the Company at the end of the reporting period. A controlled entity is an entity over which the Company has the ability or right to govern the financial and operating policies so as to obtain benefits from the entity's activities. In preparing the historical and pro forma financial information, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation. Where controlled entities have entered or left the consolidated entity during the year, the financial performance of those entities is included only for the period of the year that they were controlled.

### (e) Going concern

The historical and pro forma financial information has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

### (f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

#### *Rendering of telecommunications services*

Revenue from the rendering of retail telecommunications services includes the provision of data, internet, voice and other services. Revenue from the rendering of data and internet services to consumers and corporate customers is recognised on a straight-line basis over the period the service is provided. Revenue for voice services is recognised at completion of the call. Revenue from wholesale hosted PBX service customers is charged based on the number of PBX registrations recorded on a daily basis and invoiced monthly in arrears.

Where revenue for services is invoiced to customers and/or received in advance, the amount that is unearned at a reporting date is recognised in the statement of financial position as deferred income, and its recognition in the income statement is deferred until the period to which the invoiced amount relates.

#### *Sale of Goods*

Revenue from the sale of goods represents sales of customer equipment to consumer and corporate customers. Cash sales are recognised immediately and credit sales are recognised over the life of the contract.

#### *Revenue arrangements with multiple deliverables*

Where two or more revenue-generating activities or deliverables are sold under a single arrangement, each deliverable is considered to be a separate unit of accounting and is accounted for separately.

#### *Interest*

Revenue is recognised as the interest accrues using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax (GST).

### (g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

### (h) Trade and Other Receivables

All trade debtors are recognised initially at the transaction price (i.e. cost) less any provision for impairment and allowance for any uncollectable amounts. Receivable terms for the group are due for settlement within 4-30 days from the date of the invoice. Collectability of trade debtors is reviewed on an ongoing basis.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other assets are classified as non-current assets.

At the end of each reporting period, the carrying amount of trade and other receivables is reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income.

When identified, debts which are known to be uncollectible are written off.

### (i) Property, plant and equipment

All property, plant and equipment are carried at cost less accumulated depreciation.

Plant and equipment is measured on the cost basis and is therefore carried at cost less accumulated depreciation and any impairment losses. The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employed and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

The cost of fixed assets constructed includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

### (j) Depreciation

Depreciation on property, plant and equipment is calculated on a reducing balance basis over their useful lives to the parent entity commencing from the time the asset is held ready for use. Depreciation commences from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The rate of depreciation is based on the expected useful life of assets. Property, plant and equipment estimated useful lives used are as follows:

|                    |              |
|--------------------|--------------|
| Buildings          | 40 years     |
| Plant & Equipment  | 3 – 10 years |
| Office Equipment   | 3 – 5 years  |
| Computer Equipment | 2 – 3 years  |



The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. The gains or losses are included in the Statement of Comprehensive Income. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

**(k) Leased non-current assets**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recording the asset and a liability at the lower of the amounts equal to the fair value of the lease property or the present value of the minimum lease payments including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a reducing balance basis over the shorter of the estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives, where applicable, under operating leases are recognised as a liability and amortised on a reducing balance basis over the life of the lease term.

**(l) Intangible assets**

Intangible assets acquired, either individually or with a group of assets, are initially recognised and measured at cost. Intangible assets with finite lives are amortised over their estimated useful lives using the straight-line method based on the determined useful life of the asset.

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss, or any reversal of a previously-recognised impairment loss, is recognised immediately in profit or loss.

**(m) Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**(n) Share-based payment transactions**

The Company operates an employee share ownership plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model.

The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest, however, no adjustment is made for the likelihood of market

performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. No expense is recognised for equity instruments that do not ultimately vest, except for equity instruments where vesting is conditional upon a market condition.

**(o) Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

**(p) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(q) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised in the comprehensive income statement in the period in which they are incurred. Borrowing costs predominately consist of interest and other costs that the company incurs in connection with the borrowing of funds.

**(r) Segment reporting**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expense, including revenues and expenses that relate to transactions with any of the Company's other components. The operating results of all operating segments are regularly reviewed by the Company's Directors to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Company engages in business activities within two segments, being wholesale and retail services within the telecommunications industry. Performance results of the two operating segments are disclosed within the Historical Financial Information.

### 3. Cash and cash equivalents

|   | Note   | Reviewed<br>31-Dec-17<br>\$ | Unaudited<br>Pro-forma<br>31-Dec-17<br>\$ |
|---|--------|-----------------------------|---|
| Cash and cash equivalents   |        | 749,030                     | 5,845,430                                 |
| Vonex cash and cash equivalents as at 31 December 2017  |        |                             | 749,030                                   |
| <i>Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:</i> |        |                             |   |
| Proceeds from the Offer pursuant to the Prospectus  | 1(ii)  |                             | 7,000,000                                 |
| Capital raising costs   | 1(iii) |                             | (708,600)                                 |
| Repayment of existing debts of the Company  | 1(vii) |                             | (1,195,000)                               |
|   |        |                             | 5,096,400                                 |
| <b>Pro-forma cash and cash equivalents</b>  |        |                             | <b>5,845,430</b>                          |

The Prospectus has provision for subscriptions of between 30,000,000 and 35,000,000 shares to raise between \$6.0 million and \$7.0 million before costs, wherein the pro forma statement of financial position assumes the maximum \$7.0 million is raised. Should the minimum \$6.0 million be raised, the share issue cash costs of the Public Offer would decrease to \$630,900 and the cash at bank balance would decrease by \$922,300 to \$4,923,130.

### 4. Trade and other payables

|   | Note   | Reviewed<br>31-Dec-17<br>\$ | Unaudited<br>Pro-forma<br>31-Dec-17<br>\$ |
|---|--------|-----------------------------|---|
| Trade and other payables  |        | 2,270,502                   | 1,126,824                                 |
| Vonex trade and other payables as at 31 December 2017   |        |                             | 2,270,502                                 |
| <i>Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:</i> |        |                             |   |
| Repayment of existing debts of the Company  | 1(vii) |                             | (1,143,678)                               |
| <b>Pro-forma trade and other payables</b>   |        |                             | <b>1,126,824</b>                          |

### 5. Borrowings - current

|   | Note   | Reviewed<br>31-Dec-17<br>\$ | Unaudited<br>Pro-forma<br>31-Dec-17<br>\$ |
|---|--------|-----------------------------|---|
| Borrowings  |        | 2,662,091                   | 7,198                                     |
| Vonex borrowings as at 31 December 2017   |        |                             | 2,662,091                                 |
| <i>Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:</i> |        |                             |   |
| Interest accumulated on Secured Convertible Notes   | 1(iv)  |                             | 184,022                                   |
| Interest accumulated on Octavus Convertible Loan  | 1(v)   |                             | 16,725                                    |
| Conversion of Secured Convertible Notes to shares and New Options   | 1(iv)  |                             | (2,355,157)                               |
| Conversion of Octavus Convertible Loan to equity  | 1(v)   |                             | (449,161)                                 |
| Repayment of existing debts of the Company  | 1(vii) |                             | (51,322)                                  |
|   |        |                             | (2,654,893)                               |
| <b>Pro-forma borrowings</b>   |        |                             | <b>7,198</b>                              |

### 6. Issued capital

|   | Note    | Number of<br>shares | \$                |
|---|---------|---------------------|-------------------|
| Vonex issued share capital as at 31 December 2017   |         | 131,930,890         | 23,326,770        |
| <i>Subsequent events are summarised as follows:</i>   |         |                     |                   |
| Second Share Consolidation at 1:2   | 1(i)    | (65,965,941)        | -                 |
|   |         | 65,964,949          | 23,326,770        |
| <i>Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:</i> |         |                     |                   |
| Fully paid ordinary shares issued at \$0.20 pursuant to this Prospectus   | 1(ii)   | 35,000,000          | 7,000,000         |
| Cash costs associated with the share issue pursuant to this Prospectus  | 1(iii)  | -                   | (708,600)         |
| Conversion of Secured Convertible Notes to shares and New Options   | 1(iv)   | 14,719,731          | 449,161           |
| Conversion of Octavus Convertible Loan to equity  | 1(v)    | 2,807,258           | 2,355,157         |
| Conversion of Management Performance Rights upon ASX listing  | 1(vi)   | 7,260,000           | -                 |
| Conversion of Vodia Performance Rights upon ASX listing   | 1(vi)   | 178,000             | -                 |
| Conversion of Performance Shares upon ASX listing   | 1(vi)   | 26,666,622          | -                 |
| Cost of Broker Options issued   | 1(viii) | -                   | (1,655,610)       |
| Cost of Attaching Options issued  | 1(ix)   | -                   | (660,000)         |
|   |         | 86,631,611          | 6,780,109         |
| <b>Pro-forma issued share capital</b>   |         | <b>152,596,560</b>  | <b>30,106,879</b> |

## 6. Issued Capital (cont.)

The Prospectus has provision for subscriptions of between 30,000,000 and 35,000,000 shares to raise between \$6.0 million and \$7.0 million before costs, wherein the pro forma statement of financial position assumes the maximum \$7.0 million is raised. Should the minimum \$6.0 million be raised, the share issue cash costs of the Public Offer would decrease to \$630,900 and the issued capital would decrease by \$922,300 to \$29,184,579, and the shares on issue would decrease by 5,000,000 to 147,596,560, excluding the impact of reduced options issued under the minimum offer.

## 7. Reserves

|   | Note    | Reviewed<br>31-Dec-17<br>\$ | Unaudited<br>Pro-forma<br>31-Dec-17<br>\$ |
|---|---------|-----------------------------|---|
| Reserves  |         | 3,629,699                   | 10,198,856                                |
| Vonex reserves as at 31 December 2017   |         |                             | 3,629,699                                 |
| <i>Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:</i> |         |                             |   |
| Vesting of Vodia Performance Rights upon ASX listing  | 1(vi)   |                             | 15,575                                    |
| Vesting of Performance Shares upon ASX listing  | 1(vi)   |                             | 2,783,008                                 |
| Vesting of Management Performance Rights upon ASX listing   | 1(vi)   |                             | 1,454,964                                 |
| Cost of Broker Options issued   | 1(viii) |                             | 1,655,610                                 |
| Cost of Attaching Options issued  | 1(ix)   |                             | 660,000                                   |
|   |         |                             | 6,569,157                                 |
| <b>Pro-forma reserves</b>   |         |                             | <b>10,198,856</b>                         |

### (a) Options

Pursuant to the maximum Public Offer, the Company will issue up to an additional 17,000,000 options to brokers for services provided in relation to raising capital and an additional 8,750,000 free attaching options to subscribers. The pro forma fair value of the Broker Options and Attaching Options under the maximum Public Offer are \$1.94 million and \$0.77 million, respectively. If the minimum Public Offer is completed, 14,500,000 Broker Options and 7,500,000 Attaching Options will be issued with a pro forma fair value of \$1.66 million and \$0.66 million, respectively.

All options have been valued using a standard binomial pricing model based on the fair value of a Company share at the grant date, using the following assumptions:

| Assumptions                | Broker<br>Options | Attaching<br>Options |
|----------------------------|-------------------|----------------------|
| Stock price                | \$ 0.20           | \$ 0.20              |
| Exercise price             | \$ 0.30           | \$ 0.20              |
| Expiry period              | 5 years           | 2 years              |
| Expected future volatility | 80%               | 80%                  |
| Risk free rate             | 2.0%              | 2.0%                 |
| Dividend yield             | 0%                | 0%                   |

The terms and conditions for each set of Options are set out in section 10.5, 10.6 and 10.7 of the Prospectus.

## 8. Accumulated losses

|   | Note  | Reviewed<br>31-Dec-17<br>\$ | Unaudited<br>Pro-forma<br>31-Dec-17<br>\$ |
|---|-------|-----------------------------|---|
| Accumulated losses  |       | (29,574,747)                | (34,029,042)                              |
| Vonex accumulated losses as at 31 December 2017   |       |                             | (29,574,747)                              |
| <i>Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:</i> |       |                             |   |
| Accumulated interest expense on Secured Convertible Notes to 30 April 2018  | 1(iv) |                             | (184,022)                                 |
| Accumulated interest expense on Octavus Convertible Loan to 30 April 2018   | 1(v)  |                             | (16,725)                                  |
| Vesting of Vodia Performance Rights upon ASX listing  | 1(vi) |                             | (15,575)                                  |
| Vesting of Performance Shares upon ASX listing  | 1(vi) |                             | (2,783,008)                               |
| Vesting of Management Performance Rights upon ASX listing   | 1(vi) |                             | (1,454,964)                               |
|   |       |                             | (4,454,295)                               |
| <b>Pro-forma accumulated losses</b>   |       |                             | <b>(34,029,042)</b>                       |

## 9. Segment information

The segment information provided to the Directors for the reportable segments for the half-years ended 31 December 2017 and 31 December 2016 and the years ended 30 June 2017 and 30 June 2016 are as follows:

|                                  | Wholesale<br>Australia | Retail<br>Australia | Corporate<br>Australia | Consolidated       |
|----------------------------------|------------------------|---------------------|------------------------|--------------------|
| Half-year ended 31-Dec-17        | \$                     | \$                  | \$                     | \$                 |
| Revenue                          | 532,771                | 3,412,363           | 88,315                 | 4,033,449          |
| <b>Total segment revenue</b>     | <b>532,771</b>         | <b>3,412,363</b>    | <b>88,315</b>          | <b>4,033,449</b>   |
| Segment result before income tax | 63,445                 | 546,498             | (2,381,288)            | (1,771,345)        |
| <b>Loss before income tax</b>    |                        |                     |                        | <b>(1,771,345)</b> |
| Segment assets                   | 152,948                | 1,024,515           | 1,587,852              | 2,765,315          |
| <b>Total assets</b>              |                        |                     |                        | <b>2,765,315</b>   |
| Segment liabilities              | 408,751                | 989,904             | 3,984,938              | 5,383,593          |
| <b>Total Liabilities</b>         |                        |                     |                        | <b>5,383,593</b>   |



## 9. Segment information (cont.)

|                                  | Wholesale<br>Australia | Retail<br>Australia | Corporate<br>Australia | Consolidated        |
|----------------------------------|------------------------|---------------------|------------------------|---------------------|
|                                  | \$                     | \$                  | \$                     | \$                  |
| <b>Half-year ended 31-Dec-16</b> |                        |                     |                        |                     |
| Revenue                          | 489,697                | 2,880,501           | 739                    | <b>3,370,937</b>    |
| <b>Total segment revenue</b>     | <b>489,698</b>         | <b>2,880,501</b>    | <b>739</b>             | <b>3,370,937</b>    |
| Segment result before income tax | (35,733)               | 244,734             | (8,179,243)            | <b>(7,970,242)</b>  |
| <b>Loss before income tax</b>    |                        |                     |                        | <b>(7,970,242)</b>  |
| Segment assets                   | 259,399                | 734,373             | 599,921                | <b>1,593,694</b>    |
| <b>Total assets</b>              |                        |                     |                        | <b>1,593,694</b>    |
| Segment liabilities              | 367,126                | 884,918             | 3,353,165              | <b>4,605,209</b>    |
| <b>Total Liabilities</b>         |                        |                     |                        | <b>4,605,209</b>    |
|                                  |                        |                     |                        |                     |
|                                  | Wholesale<br>Australia | Retail<br>Australia | Corporate<br>Australia | Consolidated        |
|                                  | \$                     | \$                  | \$                     | \$                  |
| <b>Year ended 30-Jun-17</b>      |                        |                     |                        |                     |
| Revenue                          | 1,163,281              | 6,128,670           | 261,277                | <b>7,553,228</b>    |
| <b>Total segment revenue</b>     | <b>1,163,281</b>       | <b>6,128,670</b>    | <b>261,277</b>         | <b>7,553,228</b>    |
| Segment result before income tax | 72,333                 | 728,348             | (10,538,500)           | <b>(9,737,819)</b>  |
| <b>Loss before income tax</b>    |                        |                     |                        | <b>(9,737,819)</b>  |
| Segment assets                   | 254,341                | 723,191             | 922,020                | <b>1,899,552</b>    |
| <b>Total assets</b>              |                        |                     |                        | <b>1,899,552</b>    |
| Segment liabilities              | 378,115                | 832,362             | 3,859,452              | <b>5,069,929</b>    |
| <b>Total Liabilities</b>         |                        |                     |                        | <b>5,069,929</b>    |
|                                  |                        |                     |                        |                     |
|                                  | Wholesale<br>Australia | Retail<br>Australia | Corporate<br>Australia | Consolidated        |
|                                  | \$                     | \$                  | \$                     | \$                  |
| <b>Year ended 30-Jun-16</b>      |                        |                     |                        |                     |
| Revenue                          | 1,323,712              | 4,681,762           | 9,318                  | <b>6,014,792</b>    |
| <b>Total segment revenue</b>     | <b>1,323,712</b>       | <b>4,681,762</b>    | <b>9,318</b>           | <b>6,014,792</b>    |
| Segment result before income tax | 49,530                 | 463,330             | (12,923,301)           | <b>(12,410,441)</b> |
| <b>Loss before income tax</b>    |                        |                     |                        | <b>(12,410,441)</b> |
| Segment assets                   | 239,144                | 1,092,819           | 788,968                | <b>2,120,931</b>    |
| <b>Total assets</b>              |                        |                     |                        | <b>2,120,931</b>    |
| Segment liabilities              | 337,215                | 832,984             | 2,983,071              | <b>4,153,270</b>    |
| <b>Total Liabilities</b>         |                        |                     |                        | <b>4,153,270</b>    |

## 10. Related party disclosure

The Directors of Vonex are Chen Chik Ong, Matthew Fahey, David Vilensky and Winnie Lai Hadad. Directors' holdings of shares, directors' remuneration and other directors' interests are set out in section 4 of the Prospectus.

## 11. Commitments and contingent liabilities

The Company has no commitments or contingent liabilities as at 31 December 2017.

# 7 PATENT PROPERTY REPORT



PATENT & TRADE MARK ATTORNEYS  
AUSTRALIA & ASIA-PACIFIC

**BY EMAIL:** david vilensky <dvilensky@bbvlegal.com.au>

25 January 2018

The Directors  
Vonex Ltd

Dear Directors

**Patent Property Report for Vonex Ltd**  
**Our Ref: 30663PC2-ERG/SJB**

We are instructed by Vonex Ltd (ACN 063 074 635) to provide this report on the patent portfolio of Vonex Ltd.

It is our understanding that this report will be included in a capital raising prospectus (the Prospectus) to be issued by Vonex Ltd. We understand that the Prospectus will be lodged in February 2018 or soon thereafter and will concern a listing on the ASX via an IPO.

### **Background on Fisher Adams Kelly Callinans**

Over more than a century of history, Fisher Adams Kelly Callinans has successfully filed thousands of trade mark and patent applications for its clients, worldwide.

A leading choice for Australasian innovators, Fisher Adams Kelly Callinans is one of the largest filers of locally originating patent and trade mark applications in Australia and was named the Managing IP Magazine Australian 'IP Prosecution Firm of the Year' for 2015. Fisher Adams Kelly Callinans offers intellectual property protection in Australia and throughout the Asia-Pacific region, in addition to working with a network of foreign associates to manage patent portfolios for its clients worldwide.

With hands-on industry experience and technical expertise, the Fisher Adams Kelly Callinans team of professional patent attorneys, many having postgraduate technical degrees, understand a broad range of technologies and businesses, enabling the firm to provide practical, insightful and strategic advice.

### **The Patent Process**

Patents are a type of intellectual property that provide a government-granted monopoly for a limited term (usually 20 years) for new inventions. Patent rights generally must be obtained on a country by country basis. As an example, the flow diagram below provides a broad outline of what is involved in obtaining an Australian patent.

- Patents
- Trade Marks
- Designs
- IP Strategy

#### **Servicing**

- Australia
- Bangladesh
- Brunei
- Cambodia
- Indonesia
- Laos
- Macau
- Malaysia
- Mongolia
- Nepal
- New Zealand
- Pakistan
- Papua New Guinea,
- Philippines
- Singapore
- South Pacific
- Sri Lanka
- Taiwan
- Thailand
- Vietnam

ABN: 76 125 299 881  
Fisher Adams Kelly Ptd Ltd  
mail@fak.com.au  
fisheradamskelly.com.au

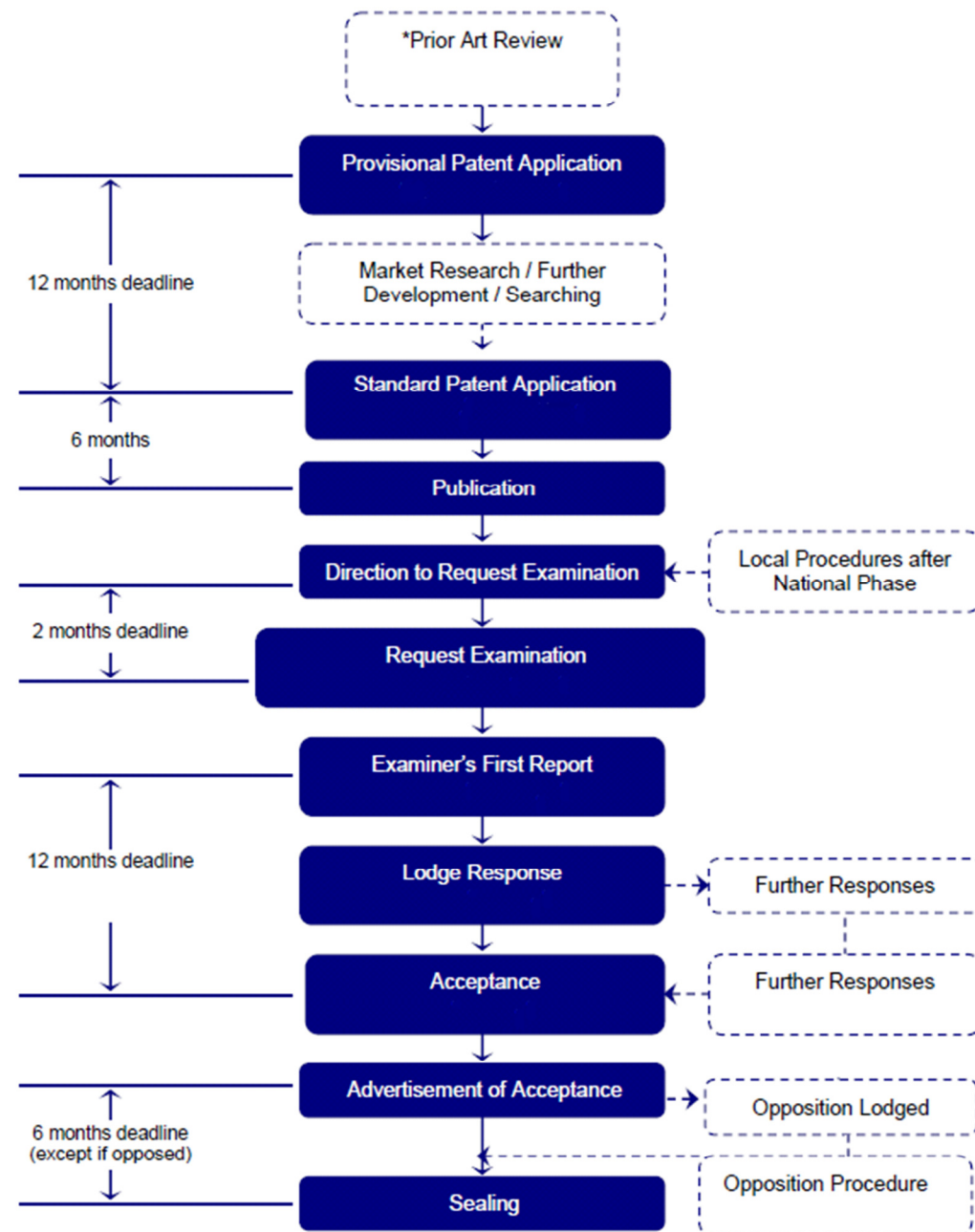
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A process similar to the above process is generally required in each country where a patent application is prosecuted.

The Patent Cooperation Treaty (PCT) is an international treaty that enables patent applications in over 150 countries and regions to be filed based on a single “international patent application”. More information about the PCT process can be found at this URL:

<http://www.wipo.int/pct/en/faqs/faqs.html>

**Patent Properties of Vonex Ltd**

Fisher Adams Kelly Callinans manages the following patent applications for Vonex Ltd:

**Patent Applications of Vonex Ltd**

| Title:    | System and Method for Establishing Communications Over a Plurality of Communications Platforms |                   |                           |
|-----------|--|-------------------|---------------------------|
| Case Ref. | Official No.   | Case Status       | Country                   |
| 30663AU1  | 2015902480   | Priority for PCT  | Australia                 |
| 30663AU2  | 2016282203   | Application filed | Australia                 |
| 30663BR2  | BR 11 2017 027938 0  | Application filed | Brazil                    |
| 30663CL2  | 201703349  | Application filed | Chile                     |
| 30663CN2  | ---  | Filing pending    | China                     |
| 30663EP2  | 16813396.5   | Exam requested    | European Patent Office    |
| 30663IN2  | 201717046947   | Application filed | India                     |
| 30663JP2  | 2017-567451  | Application filed | Japan                     |
| 30663NZ2  | 738257   | Application filed | New Zealand               |
| 30663PC2  | PCT/AU2016/050537  | Application filed | Patent Cooperation Treaty |
| 30663RU2  | ---  | Filing pending    | Russian Federation        |
| 30663US2  | 15/739,213   | Application filed | United States of America  |

The above “family” of patent applications claims priority to Australian provisional patent application no. 2015902480, titled SYSTEM AND METHOD FOR ESTABLISHING COMMUNICATIONS OVER A PLURALITY OF COMMUNICATION PLATFORMS, which was filed on 24 June 2015. This patent application concerns the product identified by Vonex as “Oper8tor”. As described in the patent specification, the invention provides the benefits of being able to place an outbound call or make an outbound communication across a



plurality of different communications platforms for a single associated contact. In some embodiments, the present invention also enables a device of the outbound call to be selected, such that a user can place an outbound call from, for example, a home phone, cell phone, work phone, the Oper8tor App or from all available options.

Under the Paris Convention, which is another international treaty concerning the protection of intellectual property, rights in this invention obtained by the filing of the Australian application were initially reserved in numerous countries around the world until 24 June 2016. Rights in the invention were then extended by the filing of a second application (FAKC case ref. no. 30663PC2) on 24 June 2016, which was filed as an international patent application under the Patent Cooperation Treaty.

A copy of the publication of the Vonex Ltd international patent application is available at the following URL:

<https://patentscope.wipo.int/search/en/detail.jsf?docId=WO2016205888&redirectedID=true>

A copy of the published international patent application is also **attached**.

As shown in the table above, national or regional phase patent applications based on the international application have been filed or will be filed shortly in Australia, Brazil, Chile, China, Europe, India, Japan, New Zealand, the Russian Federation and the USA. In addition to the country/region-specific national and regional phase applications identified in the table above, the international patent application continues to reserve patent rights in this invention in Canada.

The 30 month deadline for filing corresponding national phase patent applications in one or more designated states expired on 24 December 2017. The 42 month deadline for filing an application in Canada is 24 December 2018.

#### **Inventorship and Ownership of Vonex Ltd Patent Properties**

Further to our firm's standard practice, no inventors were named on the provisional patent application (FAKC case ref. no. 30663AU1). The international application names as inventors Angus Adrian Parker and Mathew Brian Michael Fahey, and names Vonex Ltd as the applicant. We are informed by Vonex Ltd that a Deed of Confirmation of Assignment between the above named inventors and Vonex Ltd, which confirms assignment at all material times to Vonex Ltd of all rights, title and interest in the above listed provisional patent application and international patent application, including the right to claim priority therefrom, was effective 1 July 2017. We confirm receipt of a copy of the Deed of Confirmation of Assignment sent from Bowen Buchbinder Vilensky Lawyers.

#### **Validity of the Vonex Ltd Patent Properties**

For a patent claim to be valid in Australia, the claim must be clear, succinct and supported by the subject matter disclosed in the specification. The claimed invention must also be novel, involve an inventive step, be useful and be directed to a manner of manufacture (patent eligible subject matter). Novelty and inventive step are determined with regard to the prior art at the priority date of the patent, which is typically the date at which the subject matter on which the claim is based was first filed.

For a patent to be valid in Australia, the patent specification must also disclose the invention in a manner which is clear enough and complete enough for the invention to be performed by a skilled addressee and disclose the best method known to the applicant of performing the invention.

As substantive examination reports have not yet issued concerning the national phase and regional phase patent applications listed in the table above, it is unknown whether any of the applications will successfully proceed to grant. The International Search Report of the pending Vonex Ltd PCT Application (as published at the URL above) listed the following documents as prior art "X" documents:

- D1: US 2011/0267985 A1 (Wilkinson et al) 3 November 2011;
- D2: US 2008/0059627 A1 (Hamalainen et al) 6 March 2008

An "X" document is a document that the international patent examiner considers to be "of particular relevance; the claimed invention cannot be considered novel or cannot be considered to involve an inventive step when the document is taken alone."

Copies of the International Preliminary Report on Patentability (IPRP), issued 26 December 2017, and cited documents D1 and D2 are also **attached**.

In the IPRP, the international patent examiner identified claims 1-15 as being novel over the cited prior art documents D1 and D2 and as being industrially applicable.

However, the examiner asserted that the documents D1 and D2 render claim 16 as non-novel. Further, the examiner asserted that claims 1-16 lack an inventive step in light of documents D1 and D2.

In his broadest arguments the international patent examiner asserted the following:

'Claim 1 differs from the individual disclosures of D1-D2 in that "transmitting a second request to establish an electronic communication comprising real time audio data with the contact simultaneously via each

of the plurality of the different electronic communications platforms using each respective contact identifier and receiving an acceptance of the second request to establish an electronic communication with the contact via one of the plurality of different electronic communications platforms”.

However, the inventions defined in each one of D1 and D2 solve the problem of ‘reducing the users’ effort in attempting to call a contact via different communications platforms before a connection with the contact is established’ by ‘automatically selecting the most suitable communications platform out of the plurality of communications platforms available for communication based on communication parameters, available connections, etc.’ (see D1: paragraphs [0079]-[0084]; D2: paragraphs [0042]-[0043]), while the invention in claim 1 of the current application solves the same problem by ‘attempting to establish communication simultaneously over plurality of platforms and providing option for the called party to select one platform’, which achieves similar outcome as the inventions in D1-D2. Therefore, there is no surprising advantage of ‘sending connection requests simultaneously via plurality of platforms’ over ‘automatically selecting the most suitable platform to establish communication’. Therefore, it is considered that the above difference represents a mere design variation of the inventions defined in each one of D1 and D2 that a person skilled in the art would arrive at directly and without difficulty, by routine steps only, and hence, the independent claim 1 lacks and inventive step in light of each one of D1-D2.’

A “Demand” for further preliminary examination of the international application was not filed. Therefore it is likely that similar objections will be raised by patent examiners in the national phase and regional phase jurisdictions. We recommend that responses to such objections assert any technical and commercial advantages of the features of the Vonex Oper8tor system relative to the systems disclosed in D1 and D2, and in particular any increased efficiency and convenience of having multiple platforms simultaneously receiving connection requests.

However, it is unknown whether any proposed arguments and claim amendments ultimately will be successful in overcoming objections to any national phase and/or regional phase patent applications of Vonex Ltd based on the documents D1 and D2 or other cited prior art documents.

### **Freedom to Operate**

Fisher Adams Kelly Callinans has not conducted any “freedom to operate” patent searches in any jurisdictions concerning the proposed Vonex Ltd products, methods or systems. This letter thus makes no representations and gives no opinion concerning whether making, using, selling or importing any Vonex Ltd product, method or system into any given jurisdiction risks infringing the patent rights of third parties.

This report is true and correct to the best of our knowledge and belief, subject to the caveats and qualifications set out herein.

This report was prepared by Ernest Graf, who acts as a patent attorney on behalf of his client Vonex Ltd, but who otherwise holds no financial interest in Vonex Ltd nor in the outcome of the offer under the Prospectus.

Yours faithfully

**FISHER ADAMS KELLY CALLINANS**



**ERNEST GRAF**

*Principal*  
*BS JD MIP*

Encl. Published International Patent Application  
International Preliminary Report on Patentability (IPRP)  
D1 and D2

# PCT

## INTERNATIONAL PRELIMINARY REPORT ON PATENTABILITY

(Chapter I of the Patent Cooperation Treaty)

(PCT Rule 44bis)

|  |   |   |
|--|---|---|
| Applicant's or agent's file reference<br>30663PC2-ERG  | <b>FOR FURTHER ACTION</b> See item 4 below                              |   |
| International application No.<br>PCT/AU2016/050537   | International filing date (day/month/year)<br>24 June 2016 (24.06.2016) | Priority date (day/month/year)<br>24 June 2015 (24.06.2015) |
| International Patent Classification (8th edition unless older edition indicated)<br>See relevant information in Form PCT/ISA/237 |   |   |
| Applicant<br>VONEX LTD   |   |   |

1. This international preliminary report on patentability (Chapter I) is issued by the International Bureau on behalf of the International Searching Authority under Rule 44 bis.1(a).

2. This REPORT consists of a total of 7 sheets, including this cover sheet.

In the attached sheets, any reference to the written opinion of the International Searching Authority should be read as a reference to the international preliminary report on patentability (Chapter I) instead.

3. This report contains indications relating to the following items:

|                                     |              |   |
|-------------------------------------|--------------|---|
| <input checked="" type="checkbox"/> | Box No. I    | Basis of the report   |
| <input type="checkbox"/>            | Box No. II   | Priority  |
| <input type="checkbox"/>            | Box No. III  | Non-establishment of opinion with regard to novelty, inventive step and industrial applicability  |
| <input type="checkbox"/>            | Box No. IV   | Lack of unity of invention  |
| <input checked="" type="checkbox"/> | Box No. V    | Reasoned statement under Article 35(2) with regard to novelty, inventive step or industrial applicability; citations and explanations supporting such statement |
| <input type="checkbox"/>            | Box No. VI   | Certain documents cited   |
| <input type="checkbox"/>            | Box No. VII  | Certain defects in the international application  |
| <input checked="" type="checkbox"/> | Box No. VIII | Certain observations on the international application   |

4. The International Bureau will communicate this report to designated Offices in accordance with Rules 44bis.3(c) and 93bis.1 but not, except where the applicant makes an express request under Article 23(2), before the expiration of 30 months from the priority date (Rule 44bis .2).

Date of issuance of this report  
26 December 2017 (26.12.2017)

The International Bureau of WIPO  
34, chemin des Colombettes  
1211 Geneva 20, Switzerland

Facsimile No. +41 22 338 82 70

Authorized officer  
**Athina Nickitas-Etienne**  
e-mail: pct.team4@wipo.int

From the:  
INTERNATIONAL SEARCHING AUTHORITY

To:

FISHER ADAMS KELLY CALLINANS  
Level 6, 175 Eagle Street  
Brisbane  
Queensland 4000  
Australia

# PCT

WRITTEN OPINION OF THE  
INTERNATIONAL SEARCHING AUTHORITY

(PCT Rule 43bis.1)

Date of mailing (day/month/year)  
20 September 2016

|  |  |  |
|--|--|--|
| Applicant's or agent's file reference<br>30663PC2-ERG  | <b>FOR FURTHER ACTION</b> See paragraph 2 below            |  |
| International application No.<br>PCT/AU2016/050537   | International filing date (day/month/year)<br>24 June 2016 | Priority date (day/month/year)<br>24 June 2015 |
| International Patent Classification (IPC) or both national classification and IPC<br><b>H04M 1/247 (2006.01) H04M 1/26 (2006.01) H04L 12/66 (2006.01) H04W 88/02 (2009.01)</b> |  |  |
| Applicant<br>VONEX LTD   |  |  |

1. This opinion contains indications relating to the following items:

|                                     |              |   |
|-------------------------------------|--------------|---|
| <input checked="" type="checkbox"/> | Box No. I    | Basis of the opinion  |
| <input type="checkbox"/>            | Box No. II   | Priority  |
| <input type="checkbox"/>            | Box No. III  | Non-establishment of opinion with regard to novelty, inventive step and industrial applicability  |
| <input type="checkbox"/>            | Box No. IV   | Lack of unity of invention  |
| <input checked="" type="checkbox"/> | Box No. V    | Reasoned statement under Rule 43bis.1(a)(i) with regard to novelty, inventive step and industrial applicability; citations and explanations supporting such statement |
| <input type="checkbox"/>            | Box No. VI   | Certain documents cited   |
| <input type="checkbox"/>            | Box No. VII  | Certain defects in the international application  |
| <input checked="" type="checkbox"/> | Box No. VIII | Certain observations on the international application   |

2. **FURTHER ACTION**

If a demand for international preliminary examination is made, this opinion will be considered to be a written opinion of the International Preliminary Examining Authority ("IPEA") except that this does not apply where the applicant chooses an Authority other than this one to be the IPEA and the chosen IPEA has notified the International Bureau under Rule 66.1bis(b) that written opinions of this International Searching Authority will not be so considered.

If this opinion is, as provided above, considered to be a written opinion of the IPEA, the applicant is invited to submit to the IPEA a written reply together, where appropriate, with amendments, before the expiration of 3 months from the date of mailing of Form PCT/ISA/220 or before the expiration of 22 months from the priority date, whichever expires later.

For further options, see Form PCT/ISA/220.

|   |   |  |
|---|---|--|
| <b>Name and mailing address of the ISA</b><br>AUSTRALIAN PATENT OFFICE<br>PO BOX 200, WODEN ACT 2606,<br>AUSTRALIA<br>Email address: pct@ipaustralia.gov.au | Date of completion of this opinion<br>20 September 2016 | <b>Authorised Officer</b><br>Dr. Pushpika Wijesinghe<br>AUSTRALIAN PATENT OFFICE<br>(ISO 9001 Quality Certified Service)<br>Telephone No. 0262832589 |
|---|---|--|



WRITTEN OPINION OF THE  
INTERNATIONAL SEARCHING AUTHORITY

International application No.  
**PCT/AU2016/050537**

**Box No. I**      **Basis of this opinion**

1. With regard to the **language**, this opinion has been established on the basis of:
  - The international application in the language in which it was filed
  - A translation of the international application into, , which is the language of a translation furnished for the purposes of international search (under Rules 12.3(a) and 23.1(b)).
2.  This opinion has been established taking into account **the rectification of an obvious mistake** authorized by or notified to this Authority under Rule 91 (Rule 43bis.1(a))
3. With regard to any **nucleotide and/or amino acid sequence** disclosed in the international application, this opinion has been established on the basis of a sequence listing filed or furnished:
  - a. (means)
    - on paper
    - in electronic form
  - b. (time)
    - in the international application as filed
    - together with the international application in electronic form
    - subsequently to this Authority for the purposes of search
4.  In addition, in the case that more than one version or copy of a sequence listing has been filed or furnished, the required statements that the information in the subsequent or additional copies is identical to that in the application as filed or does not go beyond the application as filed, as appropriate, were furnished.
5. Additional comments:

WRITTEN OPINION OF THE  
INTERNATIONAL SEARCHING AUTHORITY

International Application No.  
**PCT/AU2016/050537**

**Box No. V**      **Reasoned statement under Rule 43bis.1(a)(i) with regard to novelty, inventive step or industrial applicability; citations and explanations supporting such statement**

**1. Statement**

|                               |                    |            |
|-------------------------------|--------------------|------------|
| Novelty (N)                   | Claims <b>1-15</b> | <b>YES</b> |
|                               | Claims <b>16</b>   | <b>NO</b>  |
| Inventive step (IS)           | Claims <b>None</b> | <b>YES</b> |
|                               | Claims <b>1-16</b> | <b>NO</b>  |
| Industrial applicability (IA) | Claims <b>1-16</b> | <b>YES</b> |
|                               | Claims <b>None</b> | <b>NO</b>  |

**2. CITATIONS AND EXPLANATIONS:**

**CITATIONS**

D1: US 2011/0267985 A1 (WILKINSON et al.) 03 November 2011  
D2: US 2008/0059627 A1 (HAMALAINEN et al.) 06 March 2008

**NOVELTY (N)**

**The subject matter of independent claim 16 is not novel and does not satisfy Article 33(2) of the PCT with regard to novelty for the reasons provided below.**

Regarding independent claim 16, document D1 discloses a computer implemented method for establishing a communication, the method comprising:  
receiving at a processor from a user, a first request to establish an electronic communication with a contact, the first request including a selection of one or more electronic communications platform (selecting only one platform is also included in the scope) from a plurality of different electronic communications platforms (paragraph [0075], Fig. 3);  
identifying via a contact database using the processor, a contact identifier of the contact for the selected electronic communications platform (paragraph [0075], Fig. 3);  
receiving at the processor from the user, selected devices of the user with which to establish the electronic communication with the contact (Fig. 1, paragraphs [0041], [0070]: "If a user desires to manually select a voice calling service, the voice service manager 104 may return via user interface 114 information helpful in deciding which voice calling service to use");  
transmitting via one of the selected devices of the user in communication with the processor, a second request to establish an electronic communication comprising real time audio data with the contact via the selected electronic communications platforms using the respective contact identifier (paragraph [0075]: "establish the communication session using the voice service feature 134-1 of the VOP voice service platform 132-2");  
receiving at the processor via the communications device, an acceptance of the second request via the selected electronic communications platform; and establishing an electronic communication comprising real time audio data between the contact and the selected devices of the user via the selected electronic communications platform (inherent features of establishing a communication via a selected communication platform in paragraphs [0069]-[0076]).

Similarly, document D2 also discloses all features of independent claim 16 (see D2: paragraphs [0042], claims 1 and 11).

Therefore, independent claim 16 is not novel .

**Claims 1-15 meet the requirements of Article 33(2) of the PCT with regard to novelty as none of the cited prior art documents individually disclose the specific combination of features of these claims.**

Documents D1-D2 are considered as the closest prior art for the invention defined in claims 1-15.

Regarding independent claim 1, document D1 discloses a system for establishing communications (Fig. 1: Mobile computing device 110), the system comprising: a processor (Fig. 1 item 102); a communications device connected to the processor, the communications device configured to communicate with different electronic communications platforms (Fig. 1, paragraph [0038]-[0041]); and a storage device connected to the processor, the storage device storing details of contacts for the different electronic

communications platforms and computer readable code components configured to perform the following when executed by the processor (Fig. 1 Memory 103, Figs. 3 and 9, paragraphs [0035],[0073], [0077], [0103]): receive from a user, a first request to establish an electronic communication with a contact (Fig. 1 paragraph [0077]: “a user may select the display object 332 to initiate a telephone call”); identify via the details of contacts stored in the storage device, a contact identifier of the contact for each of a plurality of the different electronic communications platforms (paragraph [0078]: “The voice service manager 104 may first discover and identify any contact identifiers associated with the shared contact identifier ...”); receive at the processor from the user, selected devices of the user with which to establish the electronic communication with the contact (Fig. 1 Radio 116-1 and 116-2, paragraphs [0041], [0070]: “If a user desires to manually select a voice calling service, the voice service manager 104 may return via user interface 114 information helpful in deciding which voice calling service to use”); transmit via one of the selected devices of the user, a second request to establish an electronic communication comprising real time audio data with the contact via one of the plurality of different electronic communications platforms using respective contact identifier (paragraph [0078]: “The voice service manager 104 then selects one of the voice service platforms 132-1, 132-2 to establish ...”); receive via the communications device, an acceptance of the second request to establish an electronic communication with the contact selected electronic communications platform; and establish an electronic communication comprising real time audio data between the contact and the one of the selected devices of the user via the selected electronic communications platform (inherent features of establishing a communication via a selected communication platform in paragraphs [0069]-[0076]).

Document D2 also has a similar disclosure (see D2: Fig. 3, paragraphs [0007]-[0009], [0022]-[0025], [0028]-[0030],[0041]-[0042], claims 1 and 9).

However, documents D1-D2 fail to individually disclose the feature of “transmitting a second request to establish an electronic communication comprising real time audio data with the contact simultaneously via each of the plurality of the different electronic communications platforms using each respective contact identifier and receiving an acceptance of the second request to establish an electronic communication with the contact via one of the plurality of different electronic communications platforms”

Therefore, independent claim 1 is novel over the individual disclosures of D1-D2.

Independent claim 9 is directed to the computer implemented method corresponds to the system defined in claim 1, which is novel as discussed above. Therefore, independent claim 9 is also novel over the individual disclosures of D1-D2.

Appended claims 2-8 and 10-15 add further features to those defined in independent claims 1 and 9, respectively, and are therefore also novel.

#### **INVENTIVE STEP (IS)**

**The subject matter of claims 1-16 is obvious and does not meet the requirements of Article 33(3) of the PCT with regard to inventive step as reasoned below.**

Independent claim 16 is not novel due to the reasons stated above and therefore, claim 16 also lacks an inventive step.

Regarding independent claim 1, documents D1-D2, which are in analogous art, individually disclose a system for establishing communications as discussed above with regard to novelty.

Claim 1 differs from the individual disclosures of D1-D2 in that “transmitting a second request to establish an electronic communication comprising real time audio data with the contact simultaneously via each of the plurality of the different electronic communications platforms using each respective contact identifier and receiving an acceptance of the second request to establish an electronic communication with the contact via one of the plurality of different electronic communications platforms”.

However, the inventions defined in each one of D1 and D2 solve the problem of ‘reducing the users’ effort in attempting to call a contact via different communications platforms before a connection with the contact is established’ by ‘automatically selecting the most suitable communications platform out of the plurality of communications platforms available for communication based on communication parameters, available connections, etc.’ (see D1: paragraphs [0079]-[0084]; D2: paragraphs [0042]-[0043]), while the invention in claim 1 of the current application solves the same problem by ‘attempting to establish communication simultaneously over plurality of platforms and providing option for the called party to select one platform’, which achieves similar outcome as the inventions in D1-D2. Therefore, there is no surprising advantage of ‘sending connection requests simultaneously via plurality of platforms’ over ‘automatically selecting the most suitable platform to establish communication’.

Therefore, it is considered that the above difference represents a mere design variation of the inventions defined in each one of D1 and D2 that a person skilled in the art would arrive at directly and without difficulty, by routine steps only, and hence, the independent claim 1 lacks an inventive step in light of each one of D1-D2.

A similar argument applies to the subject matter of independent claim 9.

Appended claims 2-8 and 10-15 also lack an inventive step in light of each one of D1-D2 as discussed below.

With regard to claims 2 and 10, the feature of ‘establishing an electronic communication comprising real time audio data between one or more contacts via the plurality of different electronic communications platforms and one or more devices of the user’ is considered as a matter of mere design variation for a person skilled in the art.

With regard to claims 3 and 14, the feature of ‘the storage device stores details of contacts for the different electronic communications platforms including one or more of a user identifier for each of one or more internet communications platforms; and one or more telephone numbers’ is disclosed in each one of D1-D2 (see D1: Fig. 3; D2: Fig. 4, paragraphs [0029]-[0030]).

With regard to claim 4, the feature of ‘storing an availability identifier for each contact for each of the different electronic communications platforms’ is disclosed in each one of D1-D2 (see D1: Fig. 11 items 1132, 1134 and 1136, paragraphs [0103], [0122]; D2: paragraphs [0031]-[0032], Fig. 4, claims 2-4, 9-10).

With regard to claim 5, ‘transmitting an availability request to a server of each one of the different communications platforms for each contact and updating the availability status based on the response’ is disclosed in each one of D1-D2 (see D1: paragraphs [0103], [0122]; D2: paragraphs [0034]-[0039]).

With regard to claim 6, the feature of ‘the details of users includes a user identifier and a security key for each user’ is disclosed in D1 (paragraph [0144]) and is considered as a mere design choice for a person skilled in the art over the disclosure of D2.

With regard to claims 7 and 15, the steps of user authentication using a security key before transmitting the second request are considered as matters of mere design configurations for a person skilled in the art over the individual disclosures of D1-D2.

With regard to claim 8, the feature of ‘storing the details of users including one or more of a location identifier, an account balance; and a call history for each user’ is disclosed in D1 (D1: paragraphs [0059], [0098], [0125]) and is considered as a matter of mere design choice for a person skilled in the art over the disclosure of D2.

With regard to claims 11 and 12, the features of ‘selecting the plurality of electronics communications platforms based on the availability of the contact and periodically updating the availability of the contacts in a presence database’ are considered as matters of mere design variation for a person skilled in the art over the individual disclosures of D1-D2.

Regarding claim 13, ‘selecting electronics communications platforms from a landline; a mobile telephone network; and one or more different internet communications platforms is disclosed in each one of D1-D2 (see D1: paragraphs [0055]-[0057]; D2: paragraphs [0022]-[0025], [0028]).

#### **INDUSTRIAL APPLICABILITY (IA)**

The invention defined in the claims 1-16 is considered to meet the requirements of Industrial Applicability under Article 33(4) of the PCT because it can be made by, or used in, industry.



The following observations on the clarity of the claims, description, and drawings or on the question whether the claims are fully supported by the description, are made:

Claim 12 is not clear and does not comply with the PCT Article 6 because there is no antecedent to “the availability of the contact” when the claim is appended to claim 9.

For the purpose of this report, claim 12 is appended to claim 11 where a correct antecedent to the above phrase is found.





# 8 DETAILS OF THE OFFERS

## 8.1 Public Offer

Under this Prospectus, the Company invites investors identified by the Directors to apply for up to 35,000,000 Shares at an issue price of \$0.20 per Share to raise up to approximately \$7,000,000 (before costs).

All of the Shares offered under this Prospectus will rank equally with Shares on issue at the date of this Prospectus.

## 8.2 Opening and Closing Dates of the Public Offer

The Opening Date of the Offers will be 20 March 2018 and the Closing Date for the Public Offer will be 13 April 2018 at 5:00pm WST, unless otherwise extended.

The Directors reserve the right to close the Public Offer early or extend the Closing Date (as the case may be), should it be considered by them necessary to do so.

## 8.3 Priority Offer for Existing Vonex Shareholders

The Prospectus also contains the Priority Offer for Existing Vonex Shareholders. Existing Vonex Shareholders at the Priority Offer Record Date may apply for a minimum \$2,000 allocation being a parcel of 10,000 Shares on a first come, first served basis by completing the application process for Existing Vonex Shareholders at <https://investors.vonex.com.au/offer/>. However, the allocation under the Priority Offer is limited and will be subject to availability and the Board's absolute discretion. If the Priority Offer is fully subscribed, then the Company will prioritise existing shareholders when allocating shares under the Public Offer.

Any of the Shares offered under the Priority Offer available for Existing Vonex Shareholders not applied for by 5:00pm (WST) on the Priority Offer Closing Date, will be made available to other Applicants pursuant to the Public Offer (Applications under the Priority offer must be made through the online application process located at <https://investors.vonex.com.au/offer/> utilising Existing Vonex Shareholders' personalised details). It is intended that as many Existing Vonex Shareholders as possible will receive at least the minimum allocation of Shares (being 10,000 shares or \$2,000) under the Priority Offer, however, there is no guarantee that all Existing Vonex Shareholders who subscribe for Shares through the Priority Offer will have their applications accepted in full.

By offering these Shares under this Prospectus, section 708A(11) will have been complied with, and;

- all Shares on issue at the date of this Prospectus may be offered for sale without disclosure; and
- the Company will have offers of securities open for acceptance under the Prospectus.

## 8.4 Opening and Closing Dates of the Priority Offer

The opening date of the Priority Offer will be 20 March 2018 and the closing date will be 30 March 2018 at 5:00pm WST.

The Directors reserve the right to close the Priority Offer early or extend the Closing Date (as the case may be), should it be considered by them necessary to do so.

## 8.5 Application for Securities

Applications for Shares by Existing Vonex Shareholders under the Priority Offer must be made through the online application process located at <https://investors.vonex.com.au/offer/> utilising Existing Vonex Shareholders' personalised details.

Applications for Shares under the Public Offer must be made using the Public Offer Application Form.

Payment for the Shares must be made in full at the issue price of \$0.20 per Share. Applications under the Priority Offer and the Public Offer must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares. Applications to subscribe for Shares under the Priority Offer and the Public Offer will only be accepted on the relevant Application Form.

### Payment by BPAY®

### Priority Offer

In relation to the Priority Offer, for payment by BPAY®, Eligible Vonex Shareholders are requested to follow the instructions located at <https://investors.vonex.com.au/offer/>. 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.

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than **5:00pm (WST) on the Priority Offer Closing Date** for the Priority Offer. 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.

## Public Offer

Applicants under the Public Offer wishing to pay by BPAY® should complete the online Public Offer Application Form accompanying the electronic version of this Prospectus which is available via a link at the Company website <https://investors.vonex.com.au/offer/> and follow the instructions on the online Public Offer Application Form (which includes the Biller Code and your unique Customer Reference Number ("CRN")). You should be aware that you will only be able to make a payment via BPAY if you are the holder of an account with an Australian financial institution which supports BPAY transactions. When completing your BPAY payment, please make sure you use the specific Biller Code and your unique CRN provided on the online Application Form. If you do not use the correct CRN your Application will not be recognised as valid. It is your responsibility to ensure that payments are received by **5:00pm (WST) on the Public Offer Closing Date**. Your bank, credit union or building society may impose a limit on the amount which you can transact on BPAY, and policies with respect to processing BPAY transactions may vary between banks, credit unions or building societies. The Company accepts no responsibility for any failure to receive application monies or payments by BPAY® before the Public Offer Closing Date arising as a result of, among other things, processing of payments by financial institutions.

Completed Application Forms and accompanying cheques must be mailed to the Company as follows:

| Delivery by post               | Delivery by hand                                  |
|--------------------------------|---|
| PO Box 510,<br>Subiaco WA 6904 | Ground Floor, 1 Centro Avenue,<br>Subiaco WA 6008 |

Cheques should be made payable to "Vonex Limited" – Share Offer Account" and crossed "Not Negotiable". Completed Application Forms and cheques must reach the address set out above by no later than the Closing Date.

## 8.6 Minimum subscription

The minimum subscription under the Offers is \$6,000,000 by the issue of 30,000,000 Shares. The Company will not issue any Shares pursuant to this Prospectus until the minimum subscription condition is satisfied and a conditional approval letter for admission to the Official List has been received from the ASX. Should the minimum subscription amount not be raised within 4 months after the date of this Prospectus, the Company will either not issue the Shares and repay all Application Monies to Applicants without interest within the time prescribed under the Corporations Act or issue a supplementary Prospectus and allow Applicants one month to withdraw their Applications and be repaid their Application monies without interest.

## 8.7 Maximum subscription

The maximum subscription under the Offers is \$7,000,000 by the issue of 35,000,000 Shares at an issue price of \$0.20 per Share.

## 8.8 Allocation and Issue of Shares

The issue of Shares under the Offers will take place as soon as practicable after the Closing Date. Application Moneys will be held in a separate subscription account until the Shares are issued. This account will be established and kept by the Company in trust for each Applicant. Any interest earned on the Application Monies will be for the benefit of the Company and will be retained by the Company irrespective of whether any shares are issued and each applicant waives the right to claim any interest.

The Company reserves the right to reject any Application or to allocate to any Applicant fewer Shares than the number applied for under the Priority Offer or the Public Offer. The Company also reserves the right to reject or aggregate multiple applications in determining final allocations.

In the event an Application is not accepted or accepted in part only, the relevant portion of the Application Moneys will be returned to Applicants, without interest.

The Company reserves the right not to proceed with the Offer or any part of it at any time before the allocation of the Shares to Applicants under the Priority Offer or the Public Offer. If the Priority Offer or the Public Offer or any part of it is cancelled, all Application Moneys, or the relevant Application Moneys will be refunded.

The Company also reserves the right to close the Priority Offer or the Public Offer or any part of it early, or extend the Priority Offer or the Public Offer or any part of it, or accept late Applications Forms either generally or in particular cases.

## 8.9 Underwriting

The Offers are partially underwritten to \$5.5 million. Refer to Section 9.1 for further details of the Underwriting Agreement between the Company and State One.

## 8.10 ASX Listing

Application will be made for listing of the Company's securities offered by this Prospectus to the ASX before 20 March 2018. If ASX does not grant permission for the quotation of the Shares offered under this Prospectus within 3 months after the date of the Prospectus, or such longer period as is permitted by the Corporations Act, none of the Shares offered by this Prospectus will be allotted or issued. In these circumstances, all applications will be dealt with in accordance with the Corporations Act including the return of all application moneys 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 Shares now offered for subscription.

ASX takes no responsibility for the contents of this Prospectus, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon any part of the content of this Prospectus.

The Directors expect that trading of the Shares on the stock market conducted by ASX will commence as soon as practicable after approval for admission to the Official List of ASX is granted and all conditions (if any) applicable thereto have been fulfilled.

## 8.11 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer of, or invitation to apply for, Securities in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Securities or otherwise permit an offering of the Securities the subject of this Prospectus in any jurisdiction outside Australia. Persons who are resident in countries other than Australia should not apply for Securities under the Offers.

If you are outside Australia, it is your responsibility to ensure compliance with all laws of any country relevant to, and obtain all necessary approvals for, the issue of the Securities pursuant to this Prospectus. The return of a completed Application Form will be taken by Vonex to constitute a representation and warranty by you that there has been no breach of any such laws and all relevant approvals have been obtained.

Where this Prospectus has been dispatched to persons in jurisdictions outside of Australia, in which the securities legislation or regulation requires registration or any analogous treatment, this Prospectus is provided for information purposes only. Other than Australia, this Prospectus has not been and will not be registered under any such legislation or regulation or in any such jurisdiction.

### New Zealand

The Offers to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings—Australia) Regulations 2008.

The Offers and the content of this Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and Regulations (Australia) set out how the Offers must be made.

There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to these Offers. If you need to make a complaint about an Offer, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offers may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the securities are able to be traded on a securities market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

### Singapore

This document and any other materials relating to the Securities have not been, and will not be, lodged or registered as a Prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (“SFA”), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company’s securities, (ii) an “institutional investor” (as defined in the SFA) or (iii) a “relevant person” (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Securities being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## Hong Kong

WARNING: This Prospectus has not been, and will not be,

registered as a Prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of (“CWUMP”) Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the SFO). No action has been taken in Hong Kong to authorise or register this Prospectus or to permit the distribution of this Prospectus or any documents issued in connection with it. Accordingly, the Securities have not been and will not be offered or sold in Hong Kong by means of any document other than (a) to “professional investors” (as defined in the SFO) or (b) in other circumstances which do not result in the document being a “Prospectus” as defined in the CWUMP or which do not constitute an offer to the public within the meaning of the CWUMP.

No advertisement, invitation or document relating to the Securities has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person issued Securities may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such Securities.

The contents of this Prospectus have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offers. If you are in doubt about any contents of this Prospectus, you should obtain independent professional advice.

### United Kingdom

WARNING: This Prospectus and the accompanying Application Form have not been registered, filed with or approved by any United Kingdom regulatory authority under the Financial Services and Markets Act 2000 as amended or otherwise. The Prospectus and the terms and conditions set out therein are for information purposes only and are directed in the United Kingdom only at: (a) persons who are qualified investors being persons falling within the meaning of article 2(1)(e) of the EU Prospectus Directive (which means directive 2003/71/EC (as amended by directive 2010/73/EC)) and included any relevant implementing directive measure in any member state) or certain other persons with the consent of Vonex; and (b) existing shareholders of Vonex falling within article 43(2) of the Financial Services and Markets Act (Financial Promotion) Order 2005.

## 8.12 Privacy

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

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

If an Applicant becomes a Shareholder, the Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register. The information contained in the Company’s public register must remain there even if that person ceases to be a Shareholder. Information contained in the Company’s register is also used to facilitate distribution payments and corporate communications (including the Company’s financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application. An Applicant has the right to gain access to the information that the Company holds about that person subject to certain exceptions under law. A fee may be charged for access. Such requests must be made in writing to the Company’s registered office.

### 8.13 Restricted securities

The ASX may classify certain securities as being subject to the restricted securities provisions of the Listing Rules. In particular, Directors, other related parties and promoters may receive escrow on securities held by them for up to 24 months from the date of quotation of the Company’s Shares on ASX.

None of the Shares offered under this Prospectus will be treated as restricted securities and will be freely transferable from their date of allotment.

The Company has no voluntary escrow arrangements in place.

### 8.14 Commissions Payable

The Company reserves the right to pay a commission of up to 7% (exclusive of goods and services tax) of amounts subscribed through any licensed securities dealers or Australian financial services licensee in respect of any valid applications under the Offer lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services licensee.



## 8.15 Rights and liabilities attaching to Shares

Vonex Shares to be distributed under the Proposed Transaction will rank equally in all respects with existing Vonex Shares on issue. Full details of the rights attaching to Vonex Shares are set out in Vonex's constitution, a copy of which can be inspected during office hours at the Company's registered office at Suite 5, 1 Centro Avenue Subiaco WA 6008 during the offer period. The following is a summary of the principal rights that are attached to Vonex Shares:

### (a) Voting

Every holder of Vonex Shares present in person or by proxy, attorney or representative at a meeting of Vonex Shareholders has one vote on a vote taken by a show of hands, and, on a poll every holder of Vonex Shares who is present in person or by proxy, attorney or representative has one vote for every Vonex Share held by him or her. At any general meeting a resolution put to the vote of the meeting must be decided on a show of hands unless a poll is effectively demanded and the demand is not withdrawn.

### (b) Dividends

Subject to the Corporations Act, the Listing Rules, the Constitution and the rights of holders of shares issued with any special rights (at present there are none), the Directors may determine that a dividend is payable, fix the amount and the time for payment and authorise the payment or crediting by the Company to, or at the direction of, each Member entitled to that dividend.

All Shares currently on issue and the Shares to be issued under this Prospectus are fully paid ordinary shares.

### (c) Transfer of Vonex Shares

A Vonex Shareholder may transfer Vonex Shares by a market transfer in accordance with any computerised or electronic system established or recognised by the Listing Rules or the Corporations Act for the purpose of facilitating dealings in Vonex Shares or by an instrument in writing in a form approved by ASX or in any other usual form or in any form approved by the Vonex Directors.

The Vonex Directors may refuse to register any transfer of Vonex Shares, where Vonex is permitted or required to do so by the Listing Rules or the ASX Settlement Operating Rules or a Restriction Agreement.

### (d) Meetings and notice

Each Vonex Shareholder is entitled to receive notice of and to attend general meetings for Vonex and to receive all notices, accounts and other documents required to be sent to Vonex Shareholders under the Constitution, the Corporations Act or the Listing Rules.

### (e) Election of Directors

There must be a minimum of 3 directors and no more than ten. At every annual general meeting one third of the Directors (except the managing director) must retire from office. Any Director who has been in office for 3 years or more since that Director's election or last re-election as a Director must also retire.

### (f) Indemnities

To the extent permitted by law the Company must indemnify each past and present Director or Secretary or officer or senior manager of the Company (or a subsidiary of the Company) against any liability incurred by that person in that capacity and any legal costs incurred in defending or resisting proceedings because of that capacity and legal costs incurred in good faith in obtaining legal advice on issues relevant to the performance of their functions and discharge of their duties in that capacity, if that expenditure has been approved in accordance with the Company's policy.

### (g) Liquidation rights

Vonex has only issued one class of shares, which all rank equally in the event of liquidation. Once all the liabilities of Vonex are satisfied, a liquidator may, with the authority of a special resolution of Vonex Shareholders divide among the Vonex Shareholders the whole or any part of the remaining assets of Vonex. The liquidator can with the sanction of a special resolution of Vonex Shareholders vest the whole or any part of the assets in trust for the benefit of shareholders as the liquidator thinks fit, but no shareholder of Vonex can be compelled to accept any shares or other securities in respect of which there is any liability.

### (h) Vonex Shareholder liability

Vonex Shares are fully paid shares and are not subject to any calls for money by the Vonex Directors and will therefore not become liable for forfeiture.

### (i) Alteration to the Constitution

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

### (j) Listing Rules

If Vonex is admitted to the Official List of ASX, then despite anything in Vonex's constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the constitution to contain a provision or not to contain a provision the constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the constitution is or becomes inconsistent with the Listing Rules, the constitution is deemed not to contain that provision to the extent of the inconsistency.

## 8.16 CHESS

The Company will apply to participate in the Clearing House Electronic Subregister System ("CHESS"), operated by ASX Settlement Pty Ltd (a wholly owned subsidiary of ASX), in accordance with the ASX Settlement Operating Rules. On admission to CHESS, the Company will operate an electronic issuer-sponsored subregister and an electronic CHESS subregister. These 2 subregisters together will make up the Company's principal register of securities.

Under CHESS, the Company will not issue certificates to Shareholders. Instead, Shareholders will receive holding statements that set out the number of Shares each Shareholder owns. If a Shareholder is broker-sponsored, ASX Settlement will send the shareholder a CHESS statement. This statement will also advise investors of either their Holder Identification Number (HIN) in the case of a holding on the CHESS sub-register or Security Holder Reference Number (SRN) in the case of a holding on the issuer-sponsored sub-register.

A CHESS statement or issuer-sponsored statement will routinely be sent to Shareholders at the end of every calendar month during which the balance of their holding changes. A Shareholder may request a statement at any other time; however a charge may be imposed for additional statements.

## 8.17 Expenses of the Offer

The total estimated expenses of this Offer consist of the following:

| Nature of Expense              | Minimum Subscription (\$) | Maximum Subscription (\$) |
|--------------------------------|---------------------------|---------------------------|
| Listing Fees                   | \$95,500                  | \$98,200                  |
| Compliance Manager Fee         | \$40,000                  | \$40,000                  |
| Legal Fees                     | \$45,000                  | \$45,000                  |
| Investigating Accountant's Fee | \$10,000                  | \$10,000                  |
| ASIC Filing Fee                | \$2,400                   | \$2,400                   |
| Registry & Other Expenses      | \$15,000                  | \$20,000                  |
| Patent Report                  | \$3,000                   | \$3,000                   |
| Brokerage Fees                 | \$420,000                 | \$490,000                 |
| <b>Total</b>                   | <b>\$630,900</b>          | <b>\$708,600</b>          |

## 8.18 Queries

This Prospectus provides information for investors to decide if they wish to invest in the Company and should be read in its entirety. If you have any questions about investing in the Company, please contact your stockbroker, financial planner, accountant, lawyer or other professional advisers.

Any queries regarding the Offer should be directed to the Company Secretary on +61 8 9486 4036.

Any queries regarding the Application Form or application process should be directed to the Company Secretary on +61 8 9486 4036.



## 9 MATERIAL CONTRACTS

Vonex is a party to the following contracts which are material to it:

### 9.1 State One Equities Pty Ltd Underwriting Agreement

On 9 March 2018, the Company entered into an Underwriting Agreement with State One Equities Pty Ltd ("State One") to conditionally underwrite, arrange and manage the Offers, to a maximum of \$5.5 million ("Underwritten Amount"). The following is a summary of the principal provisions of the Underwriting Agreement.

#### (i) Conditions

State One's obligation to lead manage and underwrite the Offers up to the Underwritten Amount is subject to standard conditions, including conditional approval to the Company's listing being obtained from ASX.

#### (ii) Commissions, fees and expenses

The Company has agreed to pay to State One an aggregate lead manager and underwriting fee of 7% of the total amount raised under the Offers (which, at State One's option, can be taken in cash or shares).

The Company has agreed to reimburse State One for reasonable costs and expenses incurred in relation to the Offer. State One will pay any commission and fees due to any co-managers and brokers appointed to the Offer (and such fees will not be borne by the Company).

#### (iii) Termination Events

- (A) S&P/ASX 200 Index fall: if the S&P/ASX 200 Index as published by the ASX is after the date of this Agreement and prior to the Allotment Date more than 7% below the level of that Index at the close of ASX trading on the Trading Day before the date of lodgement of the Prospectus;
- (B) material adverse change: in the reasonable opinion of State One acting reasonably and reached in good faith after consultation with the Company any material adverse change occurs in the assets, liabilities, Share capital, Share structure, financial position or performance, profits, Losses or prospects of the Company or any subsidiary (insofar as the subsidiary's position affects the overall position of the Company) from those respectively disclosed in the Accounts, Prospectus or the Public Information, or in the prospects of the Offers, including:
- (1) any material adverse change in the reported earnings or future prospects of the Company or a subsidiary;
  - (2) any material adverse change in the nature of the business conducted by the Company or a subsidiary;
  - (3) the insolvency or voluntary winding up of the Company or a subsidiary or the appointment of any receiver, receiver and manager, liquidator or other external administrator;

- (4) any material adverse change to the rights and benefits attaching to Shares; or
  - (5) any change that may have a Material Adverse Effect;
- (C) withdrawal: the Company withdraws the Prospectus or terminates the Offer;
- (D) repayment: any circumstance arises after lodgement of the Prospectus that results in the Company either repaying the Application Money (other than to applicants whose Applications were not accepted in whole or in part or which were rejected in accordance with this Agreement) or offering applicants an opportunity to withdraw their Applications for Offer Shares and be repaid their Application Money;
- (E) insolvency: the Company or a Related Body Corporate of the Company is or becomes unable to pay its debts when they are due or is or becomes unable to pay its debts within the meaning of the Corporations Act or is presumed to be insolvent under the Corporations Act;
- (F) arrangements: the Company or a Related Body Corporate of the Company enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, its creditors or any class of them, save for any arrangement which the Company has in place with any of its creditors as at the date of this Agreement;
- (G) ceasing business: other than as contemplated by the Prospectus, the Company or a Related Body Corporate of the Company ceases or threatens to cease to carry on business;
- (H) charge: other than as disclosed in the Offer Documents, during the Due Diligence Program or by the Company to State One in writing prior to the date of this Agreement, the Company or a Related Body Corporate charges or agrees to charge, the whole, or a substantial part of the business or property of the Company;
- (I) Stop order: ASIC makes a final stop order in relation to the Prospectus under section 739 of the Corporations Act or 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 makes an application under section 1324 or 1324B of the Corporations Act (and any such hearing or inquiry becomes public or is not withdrawn within 3 Business Days, or if it has been made within 3 Business Days of the Closing Date it has not been withdrawn by the Closing Date);



(j) disclosures in the Prospectus: a statement contained in the Prospectus is found by a court of competent jurisdiction or a statutory authority to be misleading or deceptive or likely to mislead or deceive, or a matter required by the Corporations Act is omitted from the Prospectus (having regard to section 710, 711 and 716 of the Corporations Act) or if any statement on the Prospectus becomes misleading or deceptive or likely to mislead or deceive or if the issue of the prospectus becomes misleading or deceptive or likely to mislead or deceive;

**(iv) Indemnity**

The Company agrees to indemnify State One and their affiliates, directors, officers, employees, agents, advisers and related bodies corporate against all claims, demands, damages, losses, costs, expenses and liabilities incurred in respect of the Offer (subject to certain customary exclusions relating to, among other things, fraud, recklessness, wilful misconduct and negligence of an indemnified party).

**(v) Representations and warranties, undertakings and other terms**

The Company gives certain standard representations, warranties and undertakings to State One. The representations and warranties given by the Company include, but are not limited to, matters such as power and authorisations, compliance with applicable laws and ASX Listing Rules, documents issued or published by or on behalf of the Company in respect of the Offer, the conduct of the Offer and the due diligence process, litigation, material contracts, insolvency and working capital.

**9.2 PBX Software Licence**

By a licence agreement dated 27 March 2012 as amended in July 2013 and July 2017 (“**Licence Agreement**”), Vodia Networks Inc (“**Vodia**”) have granted Vonex a non-exclusive right to use, copy and sell products containing Vodia’s hosted PBX software worldwide (“**PBX Software**”) (“**Licence**”).

Fees payable under the Licence Agreement are calculated on a per extension basis that are registered within the Company’s Hosted PBX network environment each month. The licence fee extension pricing is fixed on a per annum basis but annual price increases are scheduled over the next 3 financial years. Therefore, as the Company grows its customer base within the IP Hosted PBX market, its costs under the Licence Agreement will grow at the same rate. Importantly, if the Company does not grow its user base under the Licence Agreement, it will not pay any more

on a month by month basis. The current monthly fees under the Licence Agreement as a percentage of total monthly sales revenues is circa 3%.

The material terms of the Licence Agreement are as follows:

- (i) **Term:** No minimum term under the License Agreement, however either party is required to give an 18 month notice of termination.
- (ii) **Rights to intellectual property:** Vodia shall retain ownership of all intellectual property rights in the PBX Software including any improvement of the PBX Software.
- (iii) **Termination:** Without cause, the licence may be terminated by either party with 18 months’ notice. With cause, the licence may be terminated by either party with immediate effect by giving notice to the other party if (a) the other party is in breach of the agreement and the breach is not capable of remedy or (b) the other party is in breach of the agreement and the other party fails to remedy the breach within 21 days. Vodia may also terminate the agreement with immediate effect if Vonex fails to pay the license fee for more than three months. For avoidance of doubt the Licence will continue for the remaining term following any winding up or liquidation of Vodia, unless otherwise terminated in accordance with the Licence Agreement.
- (iv) **Additional Services:** Vodia will provide development and support services to Vonex in respect of the PBX Software.
- (v) **Pricing:** Vonex is to pay Vodia a monthly license fee that is linked to the amount of extensions provided by Vonex. The Licence Agreement otherwise contains terms and conditions (including warranties, representations and indemnities) typical for an agreement of this nature.
- (vi) **Performance Rights:** In addition to the license fee, Vonex agreed to issue Vodia with 656,000 Performance Rights which convert into ordinary shares upon the following milestones:
  - (A) 356,000 Performance Rights convert upon the Company’s admission to the official list of ASX;
  - (B) 100,000 Performance Rights convert on 1 July 2018;
  - (C) 100,000 Performance Rights convert on 1 July 2019; and
  - (D) 100,000 Performance Rights convert on 1 July 2020.

**9.3 Deed of Confirmation of Assignment of Intellectual Property (Oper8tor)**

Refer to section 4.5(e) for further details of the Deed of Confirmation of Assignment of Intellectual Property.

**9.4 Retail Division – Channel Partners**

The Company acquires new retail division SME customers through a Channel Partner network which is best thought of as a large sales force. The role of a Channel Partner is to sell the product to the end client, design the PBX system and sign the end user into a contract with Vonex directly. A Channel Partner may provide IT services to the customer to assist with the installation of hosted PBX or this may be outsourced to the customer directly. A Channel Partner is paid a commission for successful activation of a new Vonex customer, however Vonex is responsible for the provisioning of services and ongoing management for the lifespan of the client. The end customer has an ongoing direct relationship with Vonex and pays Vonex reoccurring revenues directly for all services supplied. The Company’s top three performing channel partners during the 2016-17 financial year assisted the Company to generate approximately \$741,000 in new customer annualised sales revenue.

**9.5 Convertible Loans**

The Company has entered into Convertible Loans with various Loan Holders. The key terms and conditions of the Convertible Loans are set out below:

**(a) Convertible Note Trust Deed**

On 25 April 2016, the Company entered into a Convertible Note Trust Deed (“Trust Deed”) with ACN 611 920 999 Pty Ltd (an unrelated party to the Company and its directors), to raise up to \$2.5 million by way of convertible notes. The terms of the Trust Deed were varied by way of special resolution at a noteholder meeting, on 28 April 2017, 7 June 2017 and 15 December 2017. The material terms of the Trust Deed are as follows:

- (i) **Maximum Facility amount:** \$2,500,000. The Company estimates the principal and interest accrued as at 30 April 2018 to be \$1.55 million.
- (ii) **Interest rate:** 25% per annum, compounding monthly.
- (iii) **End Date:** Unless converted prior, the entire outstanding Facility Amount and accrued interest is due and payable by the Company on 30 April 2018.
- (iv) **Conversion:** Where acceptance to the official list of a recognised exchange is achieved within the Term or a takeover event occurs, the principal and accrued interest of the Convertible Notes will automatically be converted into fully paid ordinary shares of the Company at the conversion price. See Section 2.12 for number of shares to be converted based on principal and interest accrued as at 30 April 2018 to be \$2,355,157.
- (v) **Conversion price:** Face Value of the Note plus accrued Interest divided by \$0.16.
- (vi) **Attaching Options:** each Convertible Noteholder will be entitled to be issued one (1) free attaching option for every one (1) fully paid ordinary share issued by the Company to Noteholders following conversion on the Conversion Date. The exercise price for the attaching options shall be \$0.20 with an expiry date of 30 November 2022.

(vii) **Security:** All present and after acquired property including:

- (A) The Grantor’s assets and undertakings and its Unpaid Capital; and
- (B) anything in respect of which the Grantor has a sufficient right or interest to grant a Security Interest under the PPSA or any other law; and
- (C) anything else in which the Grantor has a sufficient right to be able to grant a Security Interest, and any Proceeds of, or in respect of, any Collateral (including the Proceeds of Proceeds).

**(b) Octavus Convertible Loan**

On or about 27 April 2017, the Company entered into a convertible loan facility with Octavus Development Limited (an unrelated party to the Company and its directors) for a facility amount of \$400,000 (“Octavus Facility”). The material terms of the Octavus Facility are as follows:

- (i) **Facility amount:** \$400,000. The Company estimates the principal and interest accrued as at 30 April 2018 to be \$449,161.
- (ii) **Interest rate:** 12% per annum. The interest will be calculated every six month period and added to the face value of the loan facility.
- (iii) **Conversion:** At any time based on the holders’ election or automatically on completion by the Company of an initial public offering, reverse takeover or introduction to trading on the Australian Securities Exchange or equivalent overseas stock exchange, the Notes will automatically convert into Shares of the Company.
- (iv) **Conversion price:** the higher of 80% of the IPO price, or a price per share based on a valuation of \$15 million.
- (v) **Security:** Nil.



# 10 ADDITIONAL INFORMATION

## 10.1 Continuous disclosure

Upon admission to the official list of ASX the Company will be required to notify ASX of information which may have a material effect on the price or value of the Company's Shares. To comply with its continuous disclosure obligations, the Company will conduct regular Board meetings with continuous disclosure a standing agenda item.

## 10.2 Privacy

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

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

If an Applicant becomes a Shareholder, the Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application. An Applicant has the right to gain access to the information that the Company holds about that person subject to certain exceptions under law. A fee may be charged for access. Such requests must be made in writing to the Company's registered office.

## 10.3 Taxation

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

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability or responsibility with respect to taxation and any other consequences of investing in the Company.

## 10.4 Terms and Conditions of Free Attaching Options

- (a) Each option (**Option**) entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company (**Share**) at an exercise price of 20 cents (**Exercise Price**).
- (b) The Options are exercisable at any time on or before 5.00pm Western Standard Time of the second anniversary of the date of issue (**Expiry Date**).
- (c) Options may only be exercised in multiples of 1,000. Any Options not exercised by the Expiry Date shall lapse.
- (d) Options may not be exercised if the effect of such exercise and subsequent allotment of the Shares would be to create a holding of less than a marketable parcel of Shares unless the allottee is already a shareholder of the Company at the time of exercise.
- (e) Exercise of the Option is effected by completing a notice of exercise of option and delivering it to the registered office of the Company together with payment of 20 cents per Option exercised.
- (f) A notice of exercise is only effective when the Company has received the full amount of the Exercise Price in cash or cleared funds.
- (g) The Options are freely transferable, subject to any offer for sale of the Options complying with section 707 of the Corporations Act (if applicable).
- (h) All Shares issued upon exercise of the Options and payment of the Exercise Price will rank equally in all respects with the Company's then existing Shares. The Company will apply for Official Quotation by ASX of all Shares issued upon exercise of the Options within three days of the issue of the Shares.
- (i) A certificate will not be issued for the Options and an uncertificated holding statement will be provided.



## 10.5 Terms and Conditions of Options on Issue

- (j) There are no participating rights or entitlements inherent in the Options and the holder will not be entitled to participate in new entitlement issues of capital offered to shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 business days after the Issue is announced. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (k) If from time to time before the expiry of the Options the Company makes an issue of shares to the holders of ordinary shares by way of capitalisation of profits or reserves (a “bonus issue”) other than in lieu of a dividend payment, then upon exercise of an Option the Optionholder will be entitled to have issued to it (in addition to the shares which it is otherwise entitled to have issued to it upon such exercise) additional shares in the Company. The number of additional shares is the number of shares which would have been issued to it under that bonus issue (bonus shares) if on the date on which entitlements were calculated it had been registered as the holder of the number of shares which it would have been registered as holder if immediately before that date it had exercised its Options. The bonus shares will be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank pari passu in all respects with the other shares allotted upon exercise of the Options.
- (l) The period during which the Options may be exercised cannot be extended.
- (m) In the event of any reconstruction, including a consolidation, subdivision, reduction or return of the issued capital of the Company prior to the Expiry Date, the number of Options which each holder is entitled or the Exercise Price of the Options or both will be reconstructed as appropriate in a manner which is in accordance with the Listing Rules and will not result in any benefits being conferred on Optionholders which are not conferred on shareholders, subject to such provision with respect to the rounding of entitlements as may be sanctioned by the meeting of shareholders approving the reconstruction of capital, but in all other respects the terms of exercise of the Options will remain unchanged. The rights of an Optionholder may be changed to comply with the Listing rules applying to a reorganisation of capital at the time of the reconstruction.
- (n) Shares allotted and issued pursuant to the exercise of an Option will be allotted and issued not more than 14 days after the receipt of a proper notice and payment of the exercise price in respect of the Options exercised.
- Other than as referred to above, an Option does not confer the right to a change in Exercise Price, or a change to the number of underlying securities over which it can be exercised.
- (a) Each option (**Option**) entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company (**Share**) at an exercise price of 90 cents (**Exercise Price**).
- (b) The Options are exercisable at any time on or before 5.00pm Western Standard Time on 3 August 2018 (**Expiry Date**). Options may only be exercised in multiples of 1,000. Any Options not exercised by the Expiry Date shall lapse.
- (c) Options may only be exercised in multiples of 1,000. Any Options not exercised by the Expiry Date shall lapse.
- (d) Options may not be exercised if the effect of such exercise and subsequent allotment of the Shares would be to create a holding of less than a marketable parcel of Shares unless the allottee is already a shareholder of the Company at the time of exercise.
- (e) Exercise of the Option is effected by completing a notice of exercise of option and delivering it to the registered office of the Company together with payment of 90 cents per Option exercised.
- (f) A notice of exercise is only effective when the Company has received the full amount of the Exercise Price in cash or cleared funds.
- (g) The Options are freely transferable, subject to any offer for sale of the Options complying with section 707 of the Corporations Act (if applicable).
- (h) All Shares issued upon exercise of the Options and payment of the Exercise Price will rank equally in all respects with the Company’s then existing Shares. The Company will apply for Official Quotation by ASX of all Shares issued upon exercise of the Options within three days of the issue of the Shares.
- (i) A certificate will not be issued for the Options and an uncertificated holding statement will be provided.
- (j) There are no participating rights or entitlements inherent in the Options and the holder will not be entitled to participate in new entitlement issues of capital offered to shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 business days after the Issue is announced. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (k) If from time to time before the expiry of the Options the Company makes an issue of shares to the holders of ordinary shares by way of capitalisation of profits or reserves (a “bonus issue”) other than in lieu of a dividend payment, then upon exercise of an Option the Optionholder will be entitled to have issued to it (in addition to the shares which it is otherwise entitled to have issued to it upon such exercise) additional shares in the Company. The number of additional shares is the number of shares which would have been issued to it under that bonus issue (bonus shares) if on the date on which entitlements were calculated it had been registered as the holder of the number of shares which it would have been registered as holder if immediately before that date it had exercised its Options. The bonus shares will be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank pari passu in all respects with the other shares allotted upon exercise of the Options.

## 10.6 Terms and Conditions of Convertible Note Attaching Options

- (l) The period during which the Options may be exercised cannot be extended.
- (m) In the event of any reconstruction, including a consolidation, subdivision, reduction or return of the issued capital of the Company prior to the Expiry Date, the number of Options which each holder is entitled or the Exercise Price of the Options or both will be reconstructed as appropriate in a manner which is in accordance with the Listing Rules and will not result in any benefits being conferred on Optionholders which are not conferred on shareholders, subject to such provision with respect to the rounding of entitlements as may be sanctioned by the meeting of shareholders approving the reconstruction of capital, but in all other respects the terms of exercise of the Options will remain unchanged. The rights of an Optionholder may be changed to comply with the Listing rules applying to a reorganisation of capital at the time of the reconstruction.
- (n) Shares allotted and issued pursuant to the exercise of an Option will be allotted and issued not more than 14 days after the receipt of a proper notice and payment of the exercise price in respect of the Options exercised.
- (o) Other than as referred to above, an Option does not confer the right to a change in Exercise Price, or a change to the number of underlying securities over which it can be exercised.
- (a) Each Option shall entitle the holder to subscribe for one share upon exercise of the Option;
- (b) The amount payable upon exercise of each Option will be \$0.20 (“**Exercise Price**”);
- (c) Each Option will expire at 5pm on 30 November 2022 (“**Expiry Date**”).
- (d) An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date;
- (e) The Options are exercisable at any time on or prior to the Expiry Date (“**Exercise Period**”);
- (f) The Options may be exercised during the Exercise Period by Notice in writing to the Company and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or by other means of payment acceptable to the Company.
- (g) A Notice of Exercise is only effective on from the latter of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in clear funds (“**Exercise Date**”);
- (h) Within 15 business days after the Exercise Date the Company will issue the number of shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which clear funds have been received by the Company.
- (i) Shares issued on exercise of the Options shall rank equally with the then issued shares of the Company;
- (j) If at any time the issued share capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- ## 10.7 Terms and Conditions of the Broker Options
- (a) Each option (Option) entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company (Share) at an exercise price of 30 cents (Exercise Price).
- (b) The Options are exercisable at any time on or before 5.00pm Western Standard Time on the date that is 5 years from the Company being admitted to the ASX (Expiry Date).
- (c) Options may only be exercised in multiples of 1,000. Any Options not exercised by the Expiry Date shall lapse.
- (d) Options may not be exercised if the effect of such exercise and subsequent allotment of the Shares would be to create a holding of less than a marketable parcel of Shares unless the allottee is already a shareholder of the Company at the time of exercise.
- (e) Exercise of the Option is effected by completing a notice of exercise of option and delivering it to the registered office of the Company together with payment of 30 cents per Option exercised.
- (f) A notice of exercise is only effective when the Company has received the full amount of the Exercise Price in cash or cleared funds.
- (g) The Options are freely transferable, subject to any offer for sale of the Options complying with section 707 of the Corporations Act (if applicable).

- (h) All Shares issued upon exercise of the Options and payment of the Exercise Price will rank equally in all respects with the Company's then existing Shares. The Company will apply for Official Quotation by ASX of all Shares issued upon exercise of the Options within three days of the issue of the Shares.
- (i) A certificate will not be issued for the Options and an uncertificated holding statement will be provided.
- (j) There are no participating rights or entitlements inherent in the Options and the holder will not be entitled to participate in new entitlement issues of capital offered to shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 business days after the Issue is announced. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (k) If from time to time before the expiry of the Options the Company makes an issue of shares to the holders of ordinary shares by way of capitalisation of profits or reserves (a "bonus issue") other than in lieu of a dividend payment, then upon exercise of an Option the Optionholder will be entitled to have issued to it (in addition to the shares which it is otherwise entitled to have issued to it upon such exercise) additional shares in the Company. The number of additional shares is the number of shares which would have been issued to it under that bonus issue (bonus shares) if on the date on which entitlements were calculated it had been registered as the holder of the number of shares which it would have been registered as holder if immediately before that date it had exercised its Options. The bonus shares will be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank pari passu in all respects with the other shares allotted upon exercise of the Options.
- (l) The period during which the Options may be exercised cannot be extended.
- (m) In the event of any reconstruction, including a consolidation, subdivision, reduction or return of the issued capital of the Company prior to the Expiry Date, the number of Options which each holder is entitled or the Exercise Price of the Options or both will be reconstructed as appropriate in a manner which is in accordance with the Listing Rules and will not result in any benefits being conferred on Optionholders which are not conferred on shareholders, subject to such provision with respect to the rounding of entitlements as may be sanctioned by the meeting of shareholders approving the reconstruction of capital, but in all other respects the terms of exercise of the Options will remain unchanged. The rights of an Optionholder may be changed to comply with the Listing rules applying to a reorganisation of capital at the time of the reconstruction.
- (n) Shares allotted and issued pursuant to the exercise of an Option will be allotted and issued not more than 14 days after the receipt of a proper notice and payment of the exercise price in respect of the Options exercised.
- (o) Other than as referred to above, an Option does not confer the right to a change in Exercise Price, or a change to the number of underlying securities over which it can be exercised.

#### 10.8 Terms and Conditions of Performance Rights Issued to Directors and Management

The Company currently has on issue 35,500,000 Performance Rights held by Directors and management. Of the 35,500,000 Performance Rights on issue a total of 19,260,000 were issued pursuant to the PRP.

(a) Each Performance Right:

- (i) Is a contractual right in the capital of the Company;
- (ii) Does not entitle the holder to a dividend;
- (iii) Does not entitle the holder to vote at any meeting of Shareholders; and
- (iv) Except for the IP Consideration Performance Rights, is not transferrable.

(b) The following number of Performance Rights shall automatically convert into Shares on a one for one basis upon achievement of the corresponding milestones:

| Conversion Milestone   | Expiry Date        | Performance Rights to be converted |
|--|--------------------|------------------------------------|
| Convert when the Company lists on the ASX  | 5 years from Issue | 7,260,000                          |
| Convert upon Vonex Group reaching \$10 million dollars per annum in any quarter  | 5 years from Issue | 780,000                            |
| Convert upon the Company achieving audited gross revenue of \$15 million in a financial year   | 5 years from Issue | 4,840,000                          |
| Convert upon the Company achieving audited net profit after tax of \$1 million in a financial year   | 5 years from Issue | 4,840,000                          |
| Convert upon completion of the beta version of the Oper8tor App and commencement of the official Oper8tor App launch in Europe (IP Consideration Performance Rights) | 5 years from Issue | 2,000,000                          |
| Convert upon the Oper8tor App achieving 10 million Active Users (IP Consideration Performance Rights)  | 5 years from Issue | 5,000,000                          |
| Convert upon the Oper8tor App achieving 50 million Active Users (IP Consideration Performance Rights)  | 5 years from Issue | 10,000,000                         |
| <b>TOTAL</b>   |                    | <b>34,720,000</b>                  |

- (c) All Performance Rights shall automatically vest upon the happening of any of the following events:
- (i) The occurrence of the offer or under a takeover offer in respect of the Shares announcing that it has achieved acceptances in respect of more than 50.1% of Shares and that the takeover bid has become unconditional; or
  - (ii) The announcement by the Company that Shareholders have at a Court convened meeting of Shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Company securities are to be either:
    - (A) Cancelled; or
    - (B) Transferred to a third party; and
    - (C) The Court, by order, approved the proposed scheme or arrangement.
  - (iii) all the Performance Rights will vest automatically if there is a trade sale of all or any part of the business or assets of the Company or if the Company merges with another company or is the subject of a takeover of 50.1% or more, or if the multi-platform phone call and Oper8tor App is spun out into a separate Company.
- (d) If the Performance Milestones are not met by the expiry dates, the Performance Rights held by each holder will automatically lapse and consequently terminate.

#### 10.9 Terms and Conditions of Performance Rights Issued to Vodia

(a) Each Performance Right:

- (i) Is a contractual right in the capital of the Company;
- (ii) Does not entitle the holder to a dividend;
- (iii) Does not entitle the holder to vote at any meeting of Shareholders; and
- (iv) Is not transferrable.

(b) The following number of Performance Rights shall automatically convert into Shares on a one for one basis upon achievement of the corresponding milestones:

| Conversion Milestone                      | Performance Rights to be converted |
|---|------------------------------------|
| Convert when the Company lists on the ASX | 178,000                            |
| Convert on 1 July 2018                    | 50,000                             |
| Convert on 1 July 2019                    | 50,000                             |
| Convert on 1 July 2020                    | 50,000                             |
| <b>TOTAL</b>                              | <b>328,000</b>                     |

- (c) All Performance Rights shall automatically vest upon the happening of any of the following events:
- (i) The occurrence of the offeror under a takeover offer in respect of the Shares announcing that it has achieved acceptances in respect of more than 50.1% of Shares and that the takeover bid has become unconditional; or
  - (ii) The announcement by the Company that Shareholders have at a Court convened meeting of Shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Company securities are to be either:
    - (A) Cancelled; or
    - (B) Transferred to a third party; and
    - (C) The Court, by order, approved the proposed scheme or arrangement.
  - (d) If the Performance Milestones are not met by the expiry dates, the Performance Rights held by each holder will automatically lapse and consequently terminate.

#### 10.10 Terms and Conditions of Performance Shares Issued to Vonex Vendors

The Company currently has on Issue 13,333,311 Class B and 13,333,311 Class C Performance Shares, held by the vendors of Vonex Wholesale.

(a) Each Performance Share:

- (i) Is a share in the capital of the Company;
- (ii) Does not entitle the holder to a dividend;
- (iii) Does not entitle the holder to vote at any meeting of Shareholders;
- (iv) Is not transferrable.

(b) In respect of the Class B Performance Share, each Performance Share shall convert to Ordinary Shares and vest upon satisfaction of the first to occur of any of the following Milestones:

- (i) revenue of Vonex Group exceeding \$9m per annum in any quarter within 3 years of 8 February 2016; or
- (ii) if the multi-platform phone call and messaging communication app called "Oper8tor" is spun out into a separate company; or
- (iii) the Company is the target of a successful takeover; or
- (iv) the Company lists on an alternative securities exchange other than the Australian Securities Exchange.

(c) In respect of the Class C Performance Share, each Performance Share shall convert to Ordinary Shares and vest upon satisfaction of the first to occur of any of the following Milestones:

- (i) revenue of Vonex Group exceeding \$12m per annum in any quarter within 3 years of 8 February 2016; or
- (ii) if the multi-platform phone call and messaging communication app called "Oper8tor" is spun out into a separate company; or
- (iii) the Company is the target of a successful takeover; or
- (iv) the Company lists on an alternative securities exchange other than the Australian Securities Exchange.



- (d) All Performance Shares shall automatically vest and convert into ordinary Shares in the Company upon the happening of any of the following events:
- (i) The occurrence of the offeror under a takeover offer in respect of the Shares announcing that it has achieved acceptances in respect of more than 50.1% of Shares and that the takeover bid has become unconditional; or
  - (ii) The announcement by the Company that Shareholders have at a Court convened meeting of Shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Company securities are to be either:
    - (A) Cancelled; or
    - (B) Transferred to a third party; and
    - (C) The Court, by order, approved the proposed scheme or arrangement.
  - (iii) Subject to the number of Vonex Shares which when issued together with all Vonex Shares issued under any other class of Performance Shares then on issue in Vonex, is equal to the lesser of one Vonex Share per Vonex Performance Share and 10% of the total Vonex Shares on issue at that time.

On 28 July 2017, shareholders voted at a general meeting to vary the terms of Class B and C Performance Shares by adding an additional performance milestone such that all Performance Shares shall automatically vest and convert into ordinary Shares in the Company upon the Company lists on an alternative securities exchange other than the Australian Securities Exchange.

**10.11 Interests of experts and advisers**

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the 2 year period ending on 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 Offer; or
- (c) the Offer.

BBV has acted as Solicitor and Legal Adviser to the Company in connection with its application to list on ASX. The Company will pay an aggregate of approximately \$45,000 (excl. GST) to BBV for these services. BBV has provided other professional services to the Company during the last 2 years totalling \$117,000 (excl. GST). Fisher Adams Kelly Callinans has prepared the Patent Property Report in this Prospectus. In respect of this work, the Company has paid or will pay a sum of \$2,500 (excl. GST) for these services. Fisher Adams Kelly Callinans has provided other professional services to the Company during the last 2 years totalling \$24,679 (excl. GST).

Minerva has acted as compliance manager to the Company in relation to the Company's application to list on ASX. In respect of this work, the Company will pay an amount of up to \$40,000 (excl. GST) for these services. Further amounts may be paid to Minerva for other work in accordance with its normal time based charges. Minerva has provided other professional services to the Company during the last 2 years totalling \$271,000 (excl. GST).

RSM Corporate Australia Pty Ltd has prepared the Investigating Accountant's Report in this Prospectus. In respect of this work, the Company has paid or will pay a sum of \$10,000 (excl. GST) for these services. RSM Corporate Australia Pty Ltd has provided other professional services to the Company during the last 2 years totalling \$10,100 (excl. GST).

**10.12 Consents**

Each of the persons referred to in this section has given and has not, before the date of lodgement of this Prospectus with ASIC withdrawn their written consent:

- (a) to be named in the Prospectus in the form and context which it is named; and
- (b) where applicable, to the inclusion in this Prospectus of the statement(s) and/or reports (if any) by that person in the form and context in which it appears in this Prospectus;
- (c) has not caused or authorised the issue of this Prospectus;
- (d) has not made any statement in this Prospectus or any statement on which a statement in this Prospectus is based, other than specified below; and
- (e) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Prospectus, other than the references to their name and the statement(s) and/or report(s) (if any) specified below and included in this Prospectus with the consent of that person.

| Name                              | Role                         | Statement/Report                                |
|-----------------------------------|------------------------------|---|
| RSM Corporate Australia Pty Ltd   | Investigating Accountant     | Investigating Accountants' Report in section 6. |
| State One Equities Pty Ltd        | Lead Manager and Underwriter | Nil   |
| Minerva Corporate Pty Ltd         | Compliance Manager           | Nil   |
| Fisher Adams Kelly Callinans      | Patent Attorney              | Patent Property Report                          |
| Bowen Buchbinder Vilensky Lawyers | Solicitors to the Offer      | Nil   |
| Computershare Investor Services   | Share Registry               | Nil   |





## 11 DIRECTORS' RESPONSIBILITY AND CONSENT

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in the Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC, or to the Directors knowledge, before any issue of the Shares pursuant to this Prospectus.

Each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Signed for and on behalf of Vonex Limited by



Chen Chik Ong  
Non-Executive Chairman

## 12 GLOSSARY

Where the following terms are used in this Prospectus, they have the following meanings:

|                                    |  |
|------------------------------------|--|
| <b>\$</b>                          | Means Australian dollars unless otherwise stated.  |
| <b>Applicant</b>                   | means a person who submits a valid Application Form under this Prospectus.   |
| <b>Application</b>                 | means a valid application made on an Application Form to subscribe for Shares under this Prospectus.   |
| <b>ASIC</b>                        | Australian Securities and Investment Commission.   |
| <b>ASX</b>                         | ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange (as the context requires).  |
| <b>ASX Settlement</b>              | ASX Settlement Pty Ltd (ACN 008 504 532).  |
| <b>ASX Settlement Rules</b>        | The operating rules of ASX Settlement.   |
| <b>Board</b>                       | Means the Board of Directors of the Company.   |
| <b>Company or Vonex</b>            | Vonex Limited (ACN 063 074 635).   |
| <b>Constitution</b>                | The constitution of the Company.   |
| <b>Corporations Act</b>            | The Corporations Act 2001 (Cth) as amended.  |
| <b>Director</b>                    | A director of the Company and, where the context requires, any proposed director.  |
| <b>Existing Vonex Shareholders</b> | Shareholders as at the Priority Offer Record Date.   |
| <b>Listing Rules</b>               | The listing rules of the ASX.  |
| <b>Maximum Subscription</b>        | Means the maximum subscription being sought by the Company under the Offer, being 35,000,000 Shares.   |
| <b>Minimum Subscription</b>        | Means the minimum subscription being sought by the Company under the Offer, being 30,000,000 Shares.   |
| <b>NBN</b>                         | National Broadband Network.  |
| <b>Official List</b>               | The Official List of the ASX.  |
| <b>PBX</b>                         | Means Private Branch Exchange.   |
| <b>Priority Offer</b>              | Priority Offer means the offer to Existing Vonex Shareholders (as at the Priority Offer Record Date) to subscribe for up to a total of 5,000,000 Shares at \$0.20 per Share subscribed for under the Public Offer on a priority basis. |
| <b>Priority Offer Closing Date</b> | Means the date specified as the closing date for the Priority Offer in the Indicative Timetable of the Offers (or such earlier or later date determined by the Directors).   |
| <b>Priority Offer Record Date</b>  | Means the date for determining a Shareholder's entitlement to participate in the Priority Offer as specified in the Indicative Timetable of the Offers.  |
| <b>Prospectus</b>                  | Means this Prospectus and includes the electronic version of this Prospectus.  |
| <b>Public Application Form</b>     | The form attached to this Prospectus to be used by public Applicants to subscribe for New Shares under the Public Offer.   |
| <b>Public Offer</b>                | Part of the Offer for the issue of up to 35,000,000 New Shares at an issue price of \$0.20 each to raise up to \$7 million.  |
| <b>Share</b>                       | A fully paid ordinary share in the share capital of the Company.   |
| <b>Shareholder</b>                 | A registered holder of Shares or, where the context requires, CDIs over Shares.  |
| <b>Underwriter</b>                 | State One Equities Pty Ltd (AFSL 233129).  |
| <b>Vodia</b>                       | Means Vodia Networks Inc, a corporation duly organised and existing under the laws of Delaware, USA.   |
| <b>WST</b>                         | Means Western Standard Time as observed in Perth, Western Australia.   |